

JAN 07 2019

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TULARE COUNTY SUPERIOR COURTS  
STATE OF CALIFORNIA, VISALIA DIVISION

In Re SEARCH WARRANT #013487

CASE NO: \_\_\_\_\_

YORAI BENZEEVI,

DECLARATION OF TREVOR HOLLY  
IN SUPPORT OF PEOPLE'S  
OPPOSITION TO MOVANTS MOTION  
TO SUPPRESS

Moving Party,

v.

SUPERIOR COURT OF THE COUNTY OF  
TULARE,

Respondent,

TULARE COUNTY DISTRICT ATTORNEY,

Real Part in Interest.

Date: January 22, 2019  
Time: 8:30  
Dept: 13

I, Trevor Holly, Deputy District Attorney, declare:

I am an attorney licensed to practice in the State of California and I am the Deputy District Attorney assigned to the above-captioned action. I have personal knowledge of the facts stated here, and, if called upon to do so, could and would testify competently as follows:

1. Attached as Exhibit #1 is a true and accurate copy of the Reporters Transcript for the hearing on this case held on November 9<sup>th</sup>, 2018.

2. Attached as Exhibit #2 is a true and accurate copy of documents received from the Secretary of State regarding Tulare Asset Management, LLC. Certified copies are being held as evidence for the hearing.
3. Attached as Exhibit #3 is a copy of the Deed of Trust filed by Dr. Benzeevi against TRMC on September 28<sup>th</sup>, 2017.
4. Attached as Exhibit #4 is a true and accurate copy of the video of the TLHCD Board Meeting held on 06/28/17.
5. Attached as Exhibit #5 is a true and accurate copy of the organizational certificate obtained via search warrant from Celtic.
6. Attached as Exhibit #6 is a true and accurate copy of the Opinion of Counsel obtained via search warrant from Celtic.
7. Attached as Exhibit #7 is a true and accurate copy of the signature card for the Tulare Asset Management Account, obtained from Chase Bank via search warrant.
8. Attached as Exhibit #8 is a true and accurate copy of the Investigative Audit Report prepared by the California Department of Justice.
9. Attached as Exhibit #9 is a true and accurate copy of a July 24<sup>th</sup>, 2018 declaration by Y. Benzeevi filed in Federal Bankruptcy Case 17-013797. A certified copy is being held in evidence for the hearing.
10. Attached as Exhibit #10 is a true and accurate copy of an October 14<sup>th</sup>, 2018 declaration by Y. Benzeevi made in Federal Bankruptcy Case 16-10015. A certified copy is being held in evidence for the hearing.
11. Attached as Exhibit #11 is the Purchase/Leaseback Agreement and Bill of Sale obtained via search warrant from Celtic.

These documents are submitted under seal pursuant to the sealing order previously obtained by the movant in this case.

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I declare under penalty of perjury under the laws of the State of California that the foregoing  
is true and correct.

Dated: January 7<sup>th</sup>, 2019

  
TREVOR J. HOLLY  
Declarant

# **EXHIBIT #1**



August 22, 2018

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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF TULARE  
DEPARTMENT 13 HONORABLE JOHN P. BIANCO, JUDGE

-o0o-

IN THE MATTER OF )  
In Re: SEARCH WARRANT ) NO. VSW 013487  
NO. 013487 EXECUTED ON )  
AUGUST 22, 2018. )  
Ruling on Motions

Visalia, California

November 9, 2018

**CERTIFIED  
TRANSCRIPT**

REPORTER'S TRANSCRIPT

Pages (1 - 40)

Reported by: KIMBERLEY A. WERTH, CSR #11513, RPR

APPEARANCES:

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SESSIONS

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AFTERNOON SESSION

4

1 November 9, 2018 - AFTERNOON SESSION

2 (Open Court - 2:10 p.m.)

3  
4 THE COURT: Good afternoon.

5 MR. PETERS: Good afternoon, your Honor.

6 MR. HOLLY: Good afternoon.

7 THE COURT: Counsel, state your appearances.

8 MR. HOLLY: Trevor Holly for the People.

9 MR. KRISHNAN: Ajay Krishnan for Dr. Benzeevi.

10 MR. PETERS: Elliot Peters for Dr. Benzeevi.

11 MS. DOWD: Bevan Dowd for Dr. Benzeevi.

12 MR. WANGER: Oliver Wanger and Peter Jones for  
13 HCCA and Dr. Benzeevi.

14 THE COURT: Mr. Jones, if you wish to pull up  
15 a chair.

16 MR. JONES: I'm okay.

17 THE COURT: I've reviewed all of the pleadings  
18 in the matter. I have reviewed the citations.

19 Is there anything else that counsel wishes to  
20 indicate on this matter? Mr. Holly first -- actually,  
21 no, I take that back, it is your motion.

22 MR. PETERS: However your Honor wants to  
23 proceed.

24 THE COURT: I'll hear from you, Counsel. Let  
25 me get my realtime up.

26 (Pause in the proceedings.)

1 MR. PETERS: We'll do our best to make  
2 ourselves understandable.

3 Your Honor, I understand that we've submitted  
4 a substantial amount of paper, including evidence,  
5 case citations, and so on.

6 I have here with me, and I prepared, a short  
7 presentation based on a handful of exhibits, which are  
8 exhibits that your Honor has, but we've pulled out the  
9 text that we think is relevant. I think it would be  
10 helpful to your Honor if I walk through them for 10 or  
11 15 minutes to help the Court understand what we  
12 believe are the key facts.

13 For example, some of the provisions from the  
14 Management Services agreement between HCCA and the  
15 District, a document which is very important but which  
16 wasn't even discussed in the affidavit. It was  
17 referenced in one throwaway line. So I believe that  
18 if -- I think it would be helpful to your Honor. You  
19 know what's best helpful for you. That's why we put  
20 it together, and I'd like to walk you through it, and  
21 I think it would help.

22 THE COURT: Well, this has to do with whether  
23 or not the property seized should be returned,  
24 correct?

25 MR. PETERS: Correct.

26 There is also the sealing issue, but I was

1 going right to the substantive motion. Of course,  
2 however you want to proceed is the way we'll proceed.

3 THE COURT: As I see it -- and as I see the  
4 issue with regard to the property to be returned, I  
5 don't believe that I can rule as a matter of law that  
6 no crime was committed, so, therefore -- I think I  
7 understand why you're wanting to go through those  
8 things, that's a factual determination which, under  
9 McGraw and -- I'll mispronounce the other case --  
10 Ensoniq, E-N-S-O-N-I-Q, there should be an evidentiary  
11 hearing.

12 Although, I'll be more than willing to  
13 consider your documents. Unless you indicate those  
14 show as a matter of law that no crime has been  
15 committed, I don't know that it will help for purposes  
16 of this hearing.

17 MR. PETERS: Your Honor, as I understand the  
18 proper legal standard, I don't think we have to prove  
19 as a matter of law no crime was committed. What we  
20 have to do is demonstrate that the People can't show  
21 by a preponderance of the evidence that a crime was  
22 committed. I'm not trying to split hairs, but I do  
23 think that's a significant difference in this case.

24 Boy, your Honor, if I -- if you give me a few  
25 minutes to walk you through some of these documents, I  
26 think it will help you understand the nature of the

1 contractual agreements here and how statements were  
2 presented to you in this affidavit were false,  
3 reckless, and misleading. I really do think that you  
4 were misled.

5 I understand you're the judicial officer who  
6 issued this warrant, but we didn't have the chance to  
7 appear ex parte at the time that it was presented to  
8 you. You were given an affidavit. And I really would  
9 like the opportunity to do it.

10 Maybe I can't change your mind, if that's what  
11 you're saying, but I'd like the chance to try. At the  
12 very least, I think it will be helpful to your Honor  
13 if we have an evidentiary hearing to have an  
14 understanding of what the evidence is.

15 This isn't a long and involved thing I'm  
16 proposing, it's just walking through some of these  
17 provisions and -- but I really think it would help to  
18 look at them. There's only a couple of documents.  
19 But to look at portions of the Management Services  
20 agreement, this resolution 852, to understand the  
21 legal advice that was given by the District's lawyer,  
22 an agent for the District. The affidavit says he was  
23 Dr. Benzeevi's lawyer.

24 And so some of these facts, I really do  
25 think -- I came a long way today and I'd like to at  
26 least have the opportunity to persuade you. And I

1 won't waste your time. If I do waste your time,  
2 you'll say sit down, counselor, and I'll do that.

3 THE COURT: I understand factually what you're  
4 indicating. I understand factually what you've stated  
5 in your pleadings.

6 The problem I have is that under McGraw and  
7 Ensoniq, it seems to be that it's contemplated there's  
8 an evidentiary hearing. And unless you can indicate  
9 as a matter of law -- and I haven't seen anything that  
10 indicates -- no case law that indicates as a matter of  
11 law Dr. Benzeevi did nothing wrong, did nothing  
12 criminal, I can't -- I can't trump the People's right  
13 to an evidentiary hearing.

14 Does that make sense?

15 MR. PETERS: I understand what you're saying,  
16 your Honor, but I respectfully disagree.

17 If your Honor is satisfied based on the  
18 documents that are submitted to your Honor, which  
19 can't possibly be contested that the People can't show  
20 by a preponderance that a crime was committed, that  
21 there wasn't probable cause at the time your Honor  
22 issued the search warrant, or that you were misled in  
23 a way which makes this warrant subject to being  
24 quashed, this warrant is invalid and the seizure --  
25 and the freezing of this account should be undone.

26 I believe that I can satisfy -- I believe I



1 can convince you of that based on looking at a couple  
2 of documents.

3 THE COURT: Mr. Holly.

4 MR. HOLLY: Your Honor, I believe that  
5 Mr. Peters' argument is based on an erroneous  
6 understanding of what a hearing is. A hearing is not  
7 where one side presents a couple of documents. A  
8 hearing is where both sides present evidence. What  
9 he's essentially asking is to start a hearing today,  
10 end it before the People can present any evidence.  
11 And that's not the law.

12 The law says that we're entitled to a hearing  
13 wherein both sides -- the definition of a hearing is  
14 that both sides are allowed to present evidence.

15 We'll submit on that.

16 MR. PETERS: Your Honor, one of my  
17 arguments -- if Judge Wanger wants to speak, I'll let  
18 him.

19 MR. WANGER: If I could simply say this: We  
20 believe that if you have a full understanding of the  
21 context in which the authorizing documents which  
22 caused the transfers of money which are being argued  
23 to be contraband, stolen money, you don't need to hear  
24 anything but the documents that -- they were approved,  
25 advised, and authorized by the counsel, the District's  
26 counsel -- and that there were millions of dollars

1     owed to Dr. Benzeevi secondarily, but to HCCA who was  
2     the management company, that money was validly repaid.  
3     There was nothing improper about that and that is the  
4     end of it. This, as a matter of law, never gets  
5     there.

6             You have, quite frankly, not been provided  
7     evidence about, quite frankly, the relationship, the  
8     work that was done, the millions of dollars that were  
9     loaned to the District and owed to HCCA and  
10    Dr. Benzeevi. You have not been told, quite frankly,  
11    about essentially the way the District was operated.

12            Instead, we have all of these pejorative  
13    terms -- thieves, stolen, harming the District. And  
14    if Mr. Elliot is given the opportunity to explain  
15    this, it's not going to take long, but I do believe as  
16    a matter of law when you see it and understand it,  
17    there's only one result.

18            And I understand the consequences of a  
19    hearing, and the right to a hearing, but we don't get  
20    to a hearing in this case. That's how strong the  
21    evidence that has either been misrepresented or  
22    omitted for your consideration. When this so-called  
23    affidavit that's heavily redacted was presented to  
24    you, you were affirmatively misled here. I know  
25    exactly what I'm saying and what I'm saying is true.

26            Thank you very much.

1 MR. HOLLY: Your Honor, first off, everything  
2 that they mentioned was addressed in their motion, it  
3 was also addressed in our response. The idea that  
4 Dr. Benzeevi had the legal right to sell \$3 million of  
5 taxpayer property and give the money to himself is  
6 simply ludicrous. Doesn't matter whether the contract  
7 authorized that or not because that's a violation of  
8 Government Code 1090. A public employee may not  
9 engage in a self-interested transaction, period.

10 The second, as Mr. Wanger said, he talked  
11 about presenting evidence. Presenting evidence is a  
12 hearing. In law, there is no place where only one  
13 side in a public hearing gets to present evidence and  
14 the other side doesn't. What they're asking you to do  
15 is to let them present evidence and then make a  
16 decision just based on that.

17 If we want to start the hearing today, we can  
18 start the hearing today and we'll put on witnesses and  
19 we'll try to put on evidence and we'll just go. But  
20 the idea that they're going to read a few excerpts of  
21 a contract and present that as evidence and that's it,  
22 that's not a ruling based on the law, that's letting  
23 them have their own little private hearing.

24 MR. PETERS: Your Honor, what Mr. Holly just  
25 said is completely false. It's contradicted by  
26 resolution 852 and the plain language which

1 contradicts what he said about Dr. Benzeevi's right to  
2 engage in this Celtic loan is contradicted by a  
3 document, which is a public resolution.

4           The documents -- we've submitted evidence to  
5 your Honor with declarations which authenticate them.  
6 Courts constantly, every day in this building,  
7 consider evidence that is documentary evidence that is  
8 submitted in written form. You don't have to have 20  
9 witnesses come in for the Court to consider  
10 documentary evidence, the authenticity of which is  
11 undisputed.

12           And the management agreement, resolution 852,  
13 some of the correspondence that we submitted, it's  
14 authentic, it's undisputed, and you don't need to go  
15 further than that.

16           For this prosecutor to tell you just now that  
17 there's nothing that authorized Dr. Benzeevi to enter  
18 into this loan and pledge county property, resolution  
19 852 says that the board acknowledges and agrees that  
20 all property, real and personal equipment, may be used  
21 as security for any loan obtained pursuant to this  
22 resolution.

23           They keep making statements which are  
24 contradicted by these documents, and we can prove it.  
25 And here we are in your Honor's court, I'm asking for  
26 15 minutes to walk you through the documents. I would

1 think if we're going to have a hearing, Mr. Holly  
2 would be glad to see what we think our key evidence  
3 is, and it would be helpful to your Honor.

4 Why are we arguing about this instead of  
5 talking about the evidence? If I can't persuade you,  
6 then I can't. They keep making serious allegations  
7 about theft and thief and so on. We're making some  
8 serious accusations too, that they withheld  
9 information and they misrepresented that to your  
10 Honor. I want to demonstrate to you. Their  
11 authenticity is undisputed.

12 What is the problem with doing that?

13 THE COURT: Because, as I've indicated, I  
14 believe that a hearing is appropriate, unless you can  
15 convince me as a matter of law -- and you have  
16 provided me with no citations, no legal authority that  
17 says that, as a matter of law, no crime has been  
18 committed.

19 What you're asking to do is present factual  
20 evidence that no crime has been committed. That is  
21 different than a legal standard that no crime has been  
22 committed and supports both parties' position that an  
23 evidentiary hearing pursuant to 1539 and 1540 of the  
24 Penal Code is appropriate based on McGraw and based on  
25 Ensoniq.

26 MR. PETERS: Your Honor, what I'd like is the

1 opportunity to persuade you that, as a matter of law,  
2 no crime was committed based upon documents. The  
3 authenticity isn't in dispute and can't be in dispute.

4 How can you -- if you have a contract which  
5 entitles you to do something with money, how can you  
6 then be accused -- if you do something that the  
7 contract expressly permits -- of having stolen money  
8 from the other contracting party when what you did was  
9 expressly permitted by the contract? That's what this  
10 case is about.

11 When they got this warrant, they didn't tell  
12 you anything about what that contract said. And I'd  
13 like -- I honestly believe if we walk you through  
14 these documents and show you the facts, we can satisfy  
15 you that there can't be -- whatever the standard is,  
16 they prove it by a preponderance, which I think is the  
17 standard -- probable cause, as a matter of law. But  
18 as a matter of law that no crime was committed has to  
19 apply to facts to the law.

20 I want to show you the facts so we can apply  
21 the facts to the law. They can't be in dispute.  
22 These are just documents.

23 THE COURT: They are in dispute. They are in  
24 dispute because the People believe that the facts are  
25 different. When the facts are in dispute, that is why  
26 you have a hearing.

1 MR. PETERS: These facts aren't in dispute,  
2 your Honor. These are -- these are the contents of  
3 documents. They can get up and say that document is  
4 in dispute. They can argue that it means something  
5 else. But what it says in the contract between HCCA  
6 and the District, that's just plain what it says.  
7 What it says? Resolution 852, that's just plain what  
8 it says. What bank account shows about where the  
9 money went? That's just -- that can't be disputed.  
10 That's evidence.

11 Here, their tracing argument of a variety of  
12 money goes into this account, most of it comes out  
13 under the information we've submitted to you about  
14 proper accounting standards. They can't say as a  
15 matter of law that that money that they seized from  
16 the account is stolen property, but they assert that.

17 They have gave you in this declaration a  
18 statement from a detective with absolutely no training  
19 in accounting that under proper accounting standards,  
20 whatever they are, he could trace this money, and  
21 we've shown you that is not true.

22 What happened to the money? These are facts  
23 that aren't subject to dispute. We don't need a  
24 hearing to determine whether the Management Services  
25 agreement is really the agreement. Everybody knows  
26 what its contents are.

1 But it's a long document and I want to point  
2 out to you what portions of it establish what they  
3 allege is a crime can't possibly be a crime. The only  
4 basis for seizing this money and freezing this bank  
5 account is the allegation that the money was stolen.

6 And the Celtic loan transaction was authorized  
7 by a resolution. And the movement of the money, HCCA  
8 was authorized to sweep every one of the District's  
9 bank accounts every day. The money -- they tell you  
10 the money was transferred into Dr. Benzeevi's bank  
11 account. It went into an account that was filed as  
12 Tulare Asset Management account, which they were  
13 authorized to put money in and they used to run the  
14 District's money. And the Management Services  
15 agreement authorizes all of that. They didn't tell  
16 you all that.

17 They act like it's all so nefarious. I think  
18 we would have helped the Court if I'd shown you these  
19 excerpts from these documents to make our point.

20 Mr. Holly can respond if he can respond on the  
21 substance. To come all this way and not to be able to  
22 present factual information that's undisputed and try  
23 to convince you as a matter of law there can't be a  
24 crime here, I don't understand the point.

25 THE COURT: And Mr. Holly -- the point is that  
26 it is disputed. That's what Mr. Holly has indicated



1 in his pleadings, it is disputed.

2 And, quite frankly, Counsel, we have lots of  
3 litigation in this building over contract and  
4 interpretation of contract. So for you to indicate to  
5 me that simply because the contract says one thing, it  
6 makes it as a matter of law, I've asked you -- this  
7 will be the third time -- do you have any legal  
8 authority to say that no crime has been committed?

9 MR. PETERS: I think the legal authority is  
10 the factual information that -- to decide that no  
11 crime has been committed, your Honor, you have to  
12 apply a set of facts to the legal standard, and we all  
13 know what the legal standard is for theft. I'd like  
14 to show you that, as a matter of law, no crime has  
15 been committed. But in order to do that, I have to  
16 show you facts.

17 They don't dispute what the Management  
18 Services agreement says. They don't dispute what  
19 resolution 852 says. They make arguments about their  
20 significance. There's no dispute about what those  
21 documents say.

22 I just want to point out to your Honor the  
23 salient portions of the documents so you can consider  
24 them. I believe when you do, you'll find, based on  
25 any standard, including the standard that no crime has  
26 been committed, you're going to conclude that. If you

1 see the contract and think about it, I think you'll  
2 agree with us.

3 THE COURT: I will respectfully decline to  
4 look at the documents.

5 Anything else?

6 MR. PETERS: Your Honor doesn't want to see  
7 the evidence?

8 THE COURT: Because I believe that is a  
9 factual issue that is more appropriate for an  
10 evidentiary hearing. I do not believe that, as a  
11 matter of law, I can find no crime has been committed.

12 It is the District Attorney's burden to show  
13 by a preponderance of the evidence that the funds that  
14 were put into that account were obtained unlawfully.  
15 And both parties have indicated that the appropriate  
16 remedy is a hearing under McGraw and Ensoniq, and I  
17 believe that's where we're headed.

18 Is there anything else on any other issues  
19 that you wish to address.

20 MR. WANGER: With the greatest respect, there  
21 is no way to reach a legal conclusion in this case  
22 without applying facts. However, I agree a  
23 hundred percent with you. If those facts are  
24 indisputable, if there is no argument about the  
25 meaning of those facts, that establishes the authority  
26 for everything that was done as a matter of law. That

1 is what Mr. Elliot is attempting to show you because  
2 it is not only the truth, but it is reality. And we  
3 have had a distortion which is based on -- I won't go  
4 there.

5 But the bottom line is the basis for the  
6 agreement is absolutely undisputed. It was authorized  
7 by a majority of the board of directors after their  
8 own lawyers explained to them exactly what it was  
9 doing and what was happening. And then, essentially,  
10 the loan was made, the dollars were swept into the  
11 account where they're supposed to go, and they were  
12 paid to HCCA. They didn't go directly to  
13 Dr. Benzeevi. Dr. Benzeevi himself had loaned  
14 millions of dollars to this District to keep the doors  
15 open to save it, quite frankly.

16 But the language itself, when you apply the  
17 law, is indisputable and your finding would be as a  
18 matter of law. I respect if you don't want to do it,  
19 we can't require you to. But I am in good faith  
20 representing to you that I earnestly believe that is  
21 the conclusion you will reach if you simply consider  
22 it.

23 THE COURT: I've considered the argument of  
24 counsel.

25 Anything else that counsel wish to address?

26 MR. PETERS: Yes, your Honor.

1           There's an issue of sealing that's been  
2       raised, and we're very frustrated about that because  
3       we submitted information with a motion to have it be  
4       filed under seal, and all of the pleadings have been  
5       maintained by your Honor in Chambers, or in your own  
6       filing system. They haven't been filed with the clerk  
7       publicly.

8           But the People then just gave their brief to  
9       people for posting on the Internet. The People's  
10      brief, and a lot of the information that was  
11      confidential and we thought should be filed under  
12      seal, it was posted on someone's Facebook account.  
13      There was a link to our brief. I never heard of when  
14      there's a motion to seal pending a litigation,  
15      just putting something up on the Internet. That's  
16      what the People have done here.

17           Then after doing that, they wrote in their  
18      most recent brief, ironically, "The movant's admission  
19      that such record was made available to the public only  
20      calls for the denial of the sealing order."

21           Their view on the sealing order is, well,  
22      since we gave it to some of our allies in the  
23      community who posted it on a Facebook page and put a  
24      box link to our brief, which wasn't filed publicly but  
25      given to your Honor, I guess the issue is moot because  
26      they'd certainly violated the spirit of a sealing

1 order. That concerns us greatly, your Honor.

2 There is the issue of sealing. We understand  
3 the public's right of access to a proceeding, but we  
4 also understand an individual's right of privacy under  
5 the Constitution. Some of this is private financial  
6 bank records as part of the O'Bryan declaration, and  
7 those should be sealed.

8 But at some point, your Honor, and maybe this  
9 is the time, there should be a file established for  
10 this matter so that there's some kind of orderly  
11 filing, so there's a case number. I don't know  
12 exactly how your Honor wants to handle that  
13 housekeeping issue, but we're concerned about the DA's  
14 public disclosure of information that we've sought and  
15 asked the Court to seal.

16 THE COURT: Is it your contention that the  
17 District Attorney disclosed specific financial account  
18 numbers and other information that you'd asked to be  
19 sealed in your request?

20 MR. PETERS: Yes.

21 Specific balance information -- not an account  
22 number, but specific balance information, as of  
23 different dates in the account. That was part of our  
24 motion to seal. The motion to seal was broader. But  
25 specific financial information about balances in  
26 Dr. Benzeevi's account while the motion was pending

1 before your Honor. They give it to someone who puts  
2 it on Facebook and give the entire brief while --  
3 there's a link to it -- while it hasn't been filed  
4 publicly.

5 THE COURT: I'll hear from Mr. Holly on that  
6 issue.

7 MR. HOLLY: Yes.

8 So, your Honor, I think the first mistake  
9 that's made is all the documents and filings in this  
10 case are private. They're not. These are all public  
11 documents. They don't have a case number so they're  
12 difficult to pull. Every motion that's been filed  
13 since your Honor opened up the Court, none of that is  
14 under seal.

15 The other thing is, because they requested,  
16 say, the declaration of J. Duross to be under seal. I  
17 can't use anything that's in J. Duross' declaration  
18 that's the source of the information.

19 The balance of the account? The source of  
20 that information was the investigation. We had that  
21 information way before any motion was ever filed in  
22 this case.

23 And the idea that they can silence the  
24 District Attorney's Office by filing a motion to seal  
25 on such a broad basis is crazy.

26 In addition, the idea that they somehow --

1 it's improper for us to give our motion to the victims  
2 in this case, which we have an obligation to do under  
3 Marsy's Law, if they ask us for case information? It  
4 is a public document. It's just difficult to go and  
5 get it from the court because of a lack of a court  
6 number. There's nothing improper with that.

7 MR. PETERS: They had no trouble redacting the  
8 affidavit that they gave to us, which they asked to be  
9 held under seal.

10 We filed a motion to seal and a motion for  
11 protective order relating to the financial  
12 information. They then put that information in a  
13 brief while that motion to seal and for a protective  
14 order is pending before your Honor.

15 And I don't hear Mr. Holly denying they'd put  
16 it on Facebook with a link to the entire brief with  
17 that financial information in there.

18 MR. HOLLY: Your Honor, just to be clear on  
19 this, we gave that to the hospital's attorneys when  
20 they asked for it. Didn't know what was going to  
21 happen to it. Frankly don't care.

22 Newspapers regularly make these documents  
23 available. These are criminal filings in open court.  
24 They're not secret. Dr. Benzeevi is entitled to a  
25 fair hearing.

26 THE COURT: It's not a criminal file yet,

1 Counsel.

2 MR. HOLLY: We're under criminal procedure,  
3 which we decided last time, and there's been no  
4 indication that these files are private.

5 The account balance information did not come  
6 from the declarations that they submitted or their  
7 motions that they submitted. It was known prior to  
8 that. The fact that they asked for a document not to  
9 be used, we haven't used any of the documents they  
10 asked not to be used.

11 This was -- if I'm understanding right -- on  
12 their complaint. This is literally just the balance  
13 of the money that was seized. That's what they're  
14 complaining about.

15 MR. WANGER: With the Court's permission, I  
16 would hope to address a related issue, that is, a case  
17 number. It is my respectful belief that the Court has  
18 the authority to assign a miscellaneous number,  
19 doesn't have to be civil or criminal, that's  
20 authorized by law.

21 THE COURT: And I will address that, Counsel.

22 MR. WANGER: Thank you.

23 THE COURT: Anything else on the motions?

24 MR. WANGER: Well, yes, the return of the  
25 property. We still are in a position where we don't  
26 have a return of property.



1 MR. HOLLY: Which property are you mentioning  
2 specifically, Mr. Wanger?

3 MR. WANGER: We have the balance of whatever  
4 it's called, the bags, the personal property of  
5 Ms. Benzeevi, and, of course, all of their personal  
6 documents like the personal bank accounts. Those can  
7 be copied. They're private and confidential, but  
8 they're entitled to have their property back.

9 They have to conduct their lives and business,  
10 and all of that is in the possession of the District  
11 Attorney and none of it has been returned.

12 MR. HOLLY: First off, your Honor, you've  
13 already made a ruling on that particular motion. We  
14 talked to Mr. Jones. We were trying to arrange to  
15 have several firearms and the Tumi bags and the gun  
16 safe returned. There was a snag with the firearms.  
17 It was not our fault, it was their documentation was  
18 late. And we talked about it, and we offered to drop  
19 it off, but they didn't make arrangements for us to  
20 drop it off.

21 As far as the documents, the other things, we  
22 already had a ruling on that. They can pay to have  
23 someone copy the documents, and that's pursuant to the  
24 Penal Code 1536, I think. Like I said, that's the  
25 issue that's been dealt with.

26 THE COURT: Anything else, Counsel, before I

1 issue my ruling?

2 MR. PETERS: Nothing.

3 THE COURT: Mr. Holly?

4 MR. HOLLY: No, your Honor.

5 THE COURT: As to Dr. Benzeevi's motion to  
6 seal and for a protective order regarding his Points  
7 and Authorities, the declaration of O'Bryan, his reply  
8 and surreply, and the declaration of Dowd, the Court  
9 finds that, for purposes of this motion only, he's  
10 established a privacy right in the financial  
11 information -- confidential financial information  
12 which overcomes the right of public access to the  
13 Court pursuant to Rules of Court 2.550. It's narrowly  
14 tailored. It's the least restrictive to achieve his  
15 privacy interests.

16 My understanding of the motion was only asking  
17 to redact the account numbers and specific dollar  
18 amounts, so I'm going to grant his request as to the  
19 sealing. As to the O'Bryan request -- and it's just  
20 those portions of the sealing that have been shaded  
21 out that deal with the account numbers and the  
22 amounts, that information -- his declarations and  
23 supporting papers are sealed for that purpose.

24 As to O'Bryan, I believe it was the O'Bryan  
25 one that had additional information as far as the  
26 tracing issue. I also am going to have those sealed.

1 I believe it was certain Exhibits 9 and 10, if I  
2 recall correctly the exhibits. Those are sealed.  
3 They've been provided to the District Attorney. Those  
4 are sealed, at least for purposes of this motion.

5 As for an evidentiary hearing, any  
6 documentation that is presented, that would be an open  
7 hearing and, therefore, would be exhibits and part of  
8 the Court record.

9 As to the motion for recovery of the money  
10 that is frozen, the Court, again, does find that, as a  
11 matter of law, that it cannot make a finding that no  
12 crime has been committed. There are factual disputes.

13 Dr. Benzeevi believes that his interpretation  
14 of the facts create a legal conclusion, however, the  
15 District Attorney has submitted enough -- at least  
16 information for this Court to believe that it's not  
17 factually simply one way. And that the Court, as a  
18 matter of law, cannot find that no crime has been  
19 committed.

20 Both parties referred to, and I referred to,  
21 McGraw and Ensoniq as setting forth a procedural  
22 avenue. They are slightly different cases. This is  
23 an unusual situation. This is not a situation like  
24 McGraw where items were taken. There was a trial.  
25 There was a finding by a jury that the defendant had  
26 committed a crime, but that there other things that

1     were not part of that -- that were taken that were not  
2     part of that crime and requested by the defendant to  
3     have those items returned.

4             And it's different than Ensoniq, which dealt  
5     with a situation where you had a District Attorney who  
6     said they were not going to file and were not pursuing  
7     any criminal proceedings in which the Court found  
8     basically that the items then needed to be returned to  
9     the person who they were seized from.

10            But both cases clearly stand for the  
11     proposition that it's appropriate. Both sides are  
12     entitled to an evidentiary hearing in which the burden  
13     would be on the People to show by a preponderance of  
14     the evidence that the funds were illegally obtained.

15            I need to address the tracing issue.  
16     Dr. Benzeevi has indicated that they can't trace the  
17     funds to, assuming arguendo, that the Celtic lease was  
18     criminal, that they can't trace that -- funds that  
19     were taken from the account or frozen to the lease.

20            And I agree with the District Attorney that  
21     that's not the requirement. That once those -- if  
22     those funds were illegally obtained, that placing them  
23     in those accounts tainted the accounts and  
24     therefore -- they have no obligation to trace that the  
25     money that was frozen was actually from the lease,  
26     assuming arguendo, that it was unlawfully obtained.

1           So that leaves us with the position of  
2 actually setting this for an evidentiary hearing.

3           The only thing that strikes me is that if the  
4 District Attorney has enough evidence to proceed with  
5 a preponderance of the evidence that a crime was  
6 committed, why they have not pursued filing a criminal  
7 Complaint in which the burden on a preliminary hearing  
8 or an indictment would be less than what they're  
9 seeking in an evidentiary hearing.

10           MR. HOLLY: Can I explain, your Honor?

11           THE COURT: Yes.

12           MR. HOLLY: This Celtic loan transaction is a  
13 part of a larger investigation that includes  
14 investigation into several areas.

15           The reason that we are here is because we had  
16 to seize the stolen money before it was completely  
17 dissipated.

18           The other aspects of the case are still under  
19 investigation. I think they'll probably actually wind  
20 up being larger than this particular transaction, but  
21 both -- in the interest of efficiency or the interest  
22 of justice, we want to bring all charges together.

23           THE COURT: I can't dictate to the People how  
24 to proceed in their action. I simply question the  
25 efficiency of having an evidentiary hearing in which  
26 the standard is higher than proceeding with a criminal

1 prosecution. And at some point Dr. Benzeevi's Fourth  
2 Amendment right on unlawful searches and seizures is  
3 going to trump the District Attorney's contention that  
4 these funds were illegally seized.

5 What is your time estimate, Counsel, for  
6 putting on your case?

7 MR. HOLLY: Well, your Honor, we're going to  
8 be bringing in most of the board members, about five  
9 of them, the accounting staff, which is four people,  
10 Mr. Allen, our forensic accountant, some detectives,  
11 and someone from Celtic, so we're looking at around 20  
12 people. Assuming it's a court trial, it will move a  
13 little bit faster, but I'm thinking it's about two  
14 weeks.

15 THE COURT: And Mr. Peters, do you have an  
16 anticipation of putting on any evidence?

17 MR. PETERS: I think we'll call a couple of  
18 witnesses, but fewer than five in light of the lineup  
19 that I just heard from the District Attorney.

20 THE COURT: What's your anticipation of time?

21 MR. PETERS: Apart from cross-examining their  
22 witnesses, I would --

23 THE COURT: Taking into consideration  
24 cross-examination because that seems to be what  
25 generally makes a case goes longer.

26 Based on their estimate of their witnesses and

1    what you believe you'd question them and your  
2    witnesses, what's your estimate? In other words, if  
3    you're going to say two weeks, I'll set it for a  
4    two-week hearing. But if it's going to go longer than  
5    that, I want to have a good estimate.

6           MR. PETERS: It's hard to say. I don't know  
7    what five board members and the accounting staff -- I  
8    don't know what Mr. Holly has in mind. Two weeks  
9    sound plenty to me.

10           I don't want to incur the Court's wrath by  
11   saying we're at the end of the two weeks and I still  
12   have a handful of witnesses to call.

13           My guess is we should be able to get this done  
14   in two weeks.

15                   (Pause in the proceedings.)

16           THE COURT: As counsel knows, this is a family  
17   law department that usually does not handle two-week  
18   trials.

19           I'm inclined to set it off to January 28th as  
20   far as a hearing.

21           MR. PETERS: My problem is I have a trial  
22   starting February 4th, which is the following week.

23           THE COURT: I can do it, then, starting  
24   January 22nd. Is that acceptable?

25           MR. PETERS: Is there any chance starting the  
26   prior week?

1 THE COURT: The problem I have is the prior  
2 week is, one of the three family law judges is out the  
3 two previous weeks, so putting my calendar -- three  
4 family law calendars onto one judge would be  
5 difficult.

6 MR. WANGER: Excuse me. Mr. Rooney contacted  
7 us and wanted to be -- wanted to participate in the  
8 hearing. And he is open in January, he said. I think  
9 the same situation as Mr. Peters, starting  
10 February 4th, he's unavailable, so as long as -- maybe  
11 two weeks and a little bit of a buffer, I think we're  
12 close.

13 MR. WANGER: Do we have five days per week?

14 THE COURT: You'd have my complete calendar,  
15 yes.

16 MR. PETERS: The 21st, I guess -- I didn't  
17 mean to interrupt you.

18 THE COURT: We can start at 8:30 and go until  
19 4:30.

20 MR. PETERS: The 21st, is that a holiday?

21 THE COURT: Yes, that's Martin Luther King.

22 MR. WANGER: All the witnesses may not need to  
23 be called --

24 THE COURT: That gives you a total of nine  
25 days -- actually nine days to put on the case.

26 MR. WANGER: Could the Court put a limit on



1 the District Attorney's presentation so that we can  
2 have at least some time?

3 THE COURT: It's their burden. I can't see  
4 limiting them when they're the one who carries the  
5 burden in this particular instance.

6 MR. HOLLY: Your Honor, maybe the wiser idea  
7 would be -- we have nine days, but this is a Court  
8 trial. So if the parties stipulate, it could get  
9 broken up so if we are out of time in nine days,  
10 although no one wants to, we could pick another day.  
11 We shouldn't need a week to finish up, maybe a day or  
12 two.

13 THE COURT: The problem that you have,  
14 Counsel, is that when you have this long of a trial  
15 and then you start putting it off another month for a  
16 date here or there, you lose continuity. So I'd like  
17 to find a time that counsel can do it a full two weeks  
18 without running into other issues.

19 MR. WANGER: Are there any days before the  
20 22nd?

21 THE COURT: The problem is, as I indicated, we  
22 have three family law departments. And if I'm out and  
23 the other judge is out, it puts the sole burden of the  
24 family law department on one judge.

25 MR. PETERS: You don't think a domestic  
26 tranquility would calm everything down and make it

1 unnecessary? We have to get this done. I don't  
2 relish --

3 THE COURT: Unless you wish to put it off  
4 further --

5 MR. PETERS: No.

6 MR. WANGER: No.

7 THE COURT: That's what I assumed was the  
8 case.

9 MR. PETERS: Is there -- we have one more  
10 thought, and then we'll just accept your Honor's  
11 generous offer of those nine days.

12 Is there any chance of starting the week of  
13 the 7th, skipping the week of the 14th, and finishing  
14 up that week of the 22nd?

15 THE COURT: No, because the judge is gone for  
16 two weeks, the week of the 7th.

17 MR. PETERS: I'm done with my bright ideas,  
18 then.

19 THE COURT: I'd ask that all exhibits be  
20 premarked so that we don't run into time delays during  
21 the hearing having to mark items.

22 We will start the hearing on January 22nd at  
23 8:30. We'll go until 4:30 each day. And hopefully we  
24 can conclude it by February 1st.

25 MR. PETERS: Your Honor, on the issue of  
26 discovery, obviously there's been no -- since there's

1    been no filing, we've received no information. I  
2    think this hearing will go more smoothly if we're  
3    provided with police reports, prior statement of  
4    witnesses, relevant documents in advance of the  
5    hearing so we can review them, stipulate if it's  
6    appropriate to their admissibility, and be ready to  
7    cross-examine based on them. We don't have any of the  
8    documents that they have.

9           THE COURT: I indicated this is an unusual  
10   situation in which -- I do believe, though, Counsel  
11   you've got a duty to disclose any documentary evidence  
12   you wish to submit so they have an opportunity to  
13   prepare.

14           MR. HOLLY: The documentary evidence is not a  
15   problem.

16           Say, like, witness statements is a problem  
17   just because some witnesses talk about issues that are  
18   broader than Celtic loan.

19           Anything that we're actually going to put into  
20   evidence, I can definitely give it to them as  
21   discovery.

22           MR. WANGER: Can we have a date certain?

23           MR. HOLLY: We're going to start on  
24   January 22nd. Would December 20th be sufficient time?

25           MR. PETERS: Okay.

26           MR. HOLLY: I'd ask the same in return,

1 anything you're going to put into evidence.

2 THE COURT: Parties will exchange any  
3 documentary evidence they wish to produce no later  
4 than December 20th.

5 In addition, Counsel, if you have witnesses,  
6 you can provide a redacted statement to counsel no  
7 later than December 20th.

8 MR. PETERS: And we'd ask when it comes time  
9 for us to call witnesses that the affiant, Rodney  
10 Klassen, the criminal investigator, be available for  
11 us to call as a witness.

12 THE COURT: Do you intend to call him?

13 MR. HOLLY: Yes.

14 MR. PETERS: We'd like to question him  
15 regardless.

16 MR. HOLLY: That brings me to another issue,  
17 your Honor. The defense made something that seems  
18 like a Franks motion, but they didn't say --

19 MR. PETERS: We've made a Franks motion.

20 THE COURT: Again, this is an unusual  
21 situation in that both parties are proceeding down an  
22 area that is a gray area. This is a special  
23 proceeding, it is somewhat criminal, it is somewhat  
24 civil.

25 There are different standards in a criminal  
26 proceeding. There's different standards on a Franks

1 hearing. There's a procedure that's been very  
2 detailed on how to do a Franks hearing as far as an  
3 in-camera hearing in which the Court questions the  
4 affiant and makes a determination whether there was a  
5 material misrepresentation of the facts.

6 I am, again, a little bit perplexed by the  
7 avenue that both parties are choosing to go down as  
8 far as this litigation goes and have an evidentiary  
9 hearing on an issue which, if this were -- if the  
10 Complaint had been filed would become moot.

11 And the procedures are very detailed on how  
12 we'd proceed with a criminal hearing, whether it is a  
13 Franks hearing or it is a Hobbs hearing, or a motion  
14 to -- under 1538.5. This is a gray area because  
15 Dr. Benzeevi has a constitutional right to his  
16 property. He has not been charged.

17 The District Attorney, on the other hand, has  
18 certain rights in their investigation. I will address  
19 those issues as they come up and any Points and  
20 Authorities either party wants to delve into or  
21 provide the Court on those issues. But it seems in my  
22 research, it's very limited, Points and Authorities on  
23 this type of procedure.

24 MR. PETERS: I think that's right, your Honor.  
25 Our view on the Franks issue was that under  
26 Kurland, K-U-R-L-A-N-D, and other California

1 authorities where there's been a violation of Franks,  
2 the warrant is quashed. And if the warrant here is  
3 quashed, the money is returned to Dr. Benzeevi's bank  
4 account. So that's our fairly straightforward view of  
5 Franks. But we'll be prepared to make the necessary  
6 showing in court.

7 We've tried to make it already in our papers  
8 by submitting almost like a chart of the statements  
9 and the evidence that shows that they were -- that  
10 there were material and reckless omissions and  
11 misstatements of fact. But we look forward to  
12 cross-examining Investigator Klassen at the hearing.  
13 Your Honor will have a fully developed record on which  
14 to make a decision.

15 THE COURT: Anything else, Counsel?

16 MR. HOLLY: Well, the problem with counsel's  
17 arguments regarding Franks is that the quashed warrant  
18 would not return the money because, as Ensoniq and  
19 McGraw are very, very clear, that stolen property may  
20 never be returned if it is, indeed, stolen property,  
21 regardless of the appropriateness of the warrant.

22 I would like to state for the record that  
23 warrant was fine. The Court was not misled, as has  
24 been alleged so many times, but that will be cleared  
25 up at the hearing.

26 THE COURT: Anything else, Counsel?

1 MR. PETERS: No.

2 Thank you, your Honor.

3 MR. WANGER: We did raise the issue of  
4 assigning a miscellaneous number to the case.

5 THE COURT: The Court will open up a file.  
6 There will be a file for all future pleadings,  
7 including the pleadings on this motion. And we'll  
8 provide counsel with the file number once the Court  
9 has set those up.

10 MR. WANGER: Thank you very much.

11 THE COURT: All future filings as to this  
12 warrant, 013487, will be contained in the Court file.

13 Anything else?

14 MR. HOLLY: Nothing further, your Honor.

15 MR. WANGER: Thank you for your attention.

16 MR. PETERS: Nothing from our side, your  
17 Honor.

18 THE COURT: Thank you.

19 MR. WANGER: Have a good weekend.

20 MR. PETERS: We'll see you in January, your  
21 Honor. Thank you.

22

23 (Whereupon, the proceedings in this case  
24 were concluded at 3:08 p.m.)

25

26

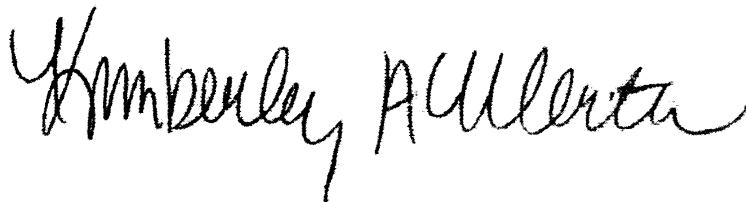
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1 STATE OF CALIFORNIA )  
2 ) ss.  
3 COUNTY OF TULARE )  
4

5 I, KIMBERLEY A. WERTH, an Official Certified  
6 Shorthand Reporter of the Superior Court of the State  
7 of California, do hereby certify:

8 That the foregoing action was taken down in  
9 stenographic shorthand writing and thereafter  
10 transcribed into typewriting, Pages 1 through 40, and  
11 that the foregoing transcript constitutes a full,  
12 true, and correct transcript of said proceedings.

13 Dated: December 3, 2018  
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20 KIMBERLEY A. WERTH, CSR #11513, RPR  
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**SESSIONS**

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**8/22/2018**

November 9, 2018  
- Afternoon Session

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## **EXHIBIT #2**



**Secretary of State**  
**Articles of Organization**  
 Limited Liability Company (LLC)

LLC-1

201630910116

**FILED**  
**Secretary of State**  
**State of California**

OCT 31 2016

This Space For Office Use Only

IMPORTANT — Read Instructions before completing this form.

Filing Fee - \$70.00

Copy Fees - First plain copy free; Additional copies: First page \$1.00 & .50 for each attachment page; Certification Fee - \$5.00

**Important!** LLCs may have to pay an annual minimum \$800 tax to the California Franchise Tax Board. For more information, go to <https://www.ftb.ca.gov>.

1. **Limited Liability Company Name** (See Instructions – Must contain an LLC ending such as LLC or L.L.C. "LLC" will be added, if not included.)

TULARE ASSET MANAGEMENT, LLC

2. **Business Addresses**

a. Initial Street Address of Designated Office in California - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
4924 LAKEWOOD DRIVE	VISALIA	CA	93291
b. Initial Mailing Address of LLC, if different than Item 2a	City (no abbreviations)	State	Zip Code

3. **Agent for Service of Process**

Item 3a and 3b: If naming an individual, the agent must reside in California and Item 3a and 3b must be completed with the agent's name and complete California street address.

Item 3c: If naming a California Registered Corporate Agent, a current agent registration certificate must be on file with the California Secretary of State and Item 3c must be completed (leave Item 3a-3b blank).

a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name	Suffix
b. Street Address (if agent is not a corporation) - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
		CA	
c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete Item 3a or 3b			
PARACORP INCORPORATED			

4. **Management (Select only one box)**

The LLC will be managed by:

☐

One Manager

☐

More than One Manager

☒

All LLC Member(s)

5. **Purpose Statement (Do not alter Purpose Statement)**

The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

6. The information contained herein, including in any attachments, is true and correct.

Organizer sign here

BRUCE R. GREENE

Print your name here

LLC-1 (REV 06/2015)

EXHIBIT

Page 1 Of 1

2016 California Secretary of State  
[www.sos.ca.gov/business/be](http://www.sos.ca.gov/business/be)



**Secretary of State  
Statement of Information  
(Limited Liability Company)**

LLC-12

17-A88177

**FILED**

In the office of the Secretary of State  
of the State of California

OCT 04, 2017

**This Space For Office Use Only****IMPORTANT** — Read instructions **before completing this form.****Filing Fee — \$20.00**

**Copy Fees** — First page \$1.00; each attachment page \$0.50;  
Certification Fee — \$5.00 plus copy fees

**1. Limited Liability Company Name** (Enter the exact name of the LLC. If you registered in California using an alternate name, see instructions.)

TULARE ASSET MANAGEMENT, LLC

**2. 12-Digit Secretary of State File Number**

201630910116

**3. State, Foreign Country or Place of Organization** (only if formed outside of California)

CALIFORNIA

**4. Business Addresses**

a. Street Address of Principal Office - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
869 N. Cherry Street	Tulare	CA	93274
b. Mailing Address of LLC, if different than item 4a	City (no abbreviations)	State	Zip Code
4934 Lakewood Drive	Visalia	CA	93291
c. Street Address of California Office, if item 4a is not in California - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
869 N. Cherry Street	Tulare	CA	93274

**5. Manager(s) or Member(s)**

If no managers have been appointed or elected, provide the name and address of each member. At least one name and address must be listed. If the manager/member is an individual, complete items 5a and 5c (leave item 5b blank). If the manager/member is an entity, complete items 5b and 5c (leave item 5a blank). Note: The LLC cannot serve as its own manager or member. If the LLC has additional managers/members, enter the name(s) and addresses on Form LLC-12A (see instructions).

a. First Name, if an individual - Do not complete item 5b	Middle Name	Last Name	Suffix
yorai		benzeevi	
b. Entity Name - Do not complete item 5a			
c. Address	City (no abbreviations)	State	Zip Code
4924 Lakewood Drive	Visalia	CA	93291

**6. Service of Process** (Must provide either Individual OR Corporation.)**INDIVIDUAL** — Complete items 6a and 6b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name	Suffix
b. Street Address (if agent is not a corporation) - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
		CA	

**CORPORATION** — Complete item 6c only. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) — Do not complete item 6a or 6b

PARACORP INCORPORATED (C1082536)

**7. Type of Business**

a. Describe the type of business or services of the Limited Liability Company  
Hospital management services

**8. Chief Executive Officer, if elected or appointed**

a. First Name	Middle Name	Last Name	Suffix
b. Address	City (no abbreviations)	State	Zip Code

**9. The information contained herein, including any attachments, is true and correct.**

10/04/2017

yorai benzeevi

Manager

Date

Type or Print Name of Person Completing the Form

Title

Signature

**Return Address (Optional)** (For communication from the Secretary of State related to this document, or if purchasing a copy of the filed document enter the name of a person or company and the mailing address. This information will become public when filed. SEE INSTRUCTIONS BEFORE COMPLETING.)

Name:

Company:

Address:

City/State/Zip:

# **EXHIBIT #3**



2017-0059339

RECORDING REQUESTED BY:  
Chicago Title Company  
Order No.:

Recorded  
Official Records  
County of  
Tulare  
ROLAND P. HILL  
Clerk Recorder

REC FEE \$1.00  
COPY - RECORD \$1.00

When Recorded Mail Document To:

Healthcare Conglomerate Associates, LLC  
10040 Wilshire Boulevard  
Suite 1600  
Los Angeles, CA 90024

08:01AM 28-Sep-2017 JD Page 1 of 4

SPACE ABOVE THIS LINE FOR RECORDER'S USE

### SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, is made as of September 27, 2017 by Tulare Local Healthcare District, d/b/a Tulare Regional Medical Center, herein called TRUSTOR, whose address is 869 N. Cherry Street, Tulare, California 93274

to Chicago Title Company, a California corporation, herein called TRUSTEE, for the benefit of Healthcare Conglomerate Associates, LLC, herein called BENEFICIARY,

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE, that property in the County of Tulare, State of California, commonly known as 1425 East Prosperity Avenue, Tulare, California, 93274, as more particularly described as:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph ten (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing:

1. Performance of each agreement of Trustor incorporated by reference or contained herein.
2. Payment of the indebtedness evidenced by those certain Promissory Notes dated as of 7/31/2015; 7/31/2016; 12/21/2016; 12/28/2016; 12/29/2016; 12/30/2016; 12/30/2016 B; 3/31/2017, 7/21/2017, and 7/31/2017, in the total original principal sum of Ten Million Two Hundred Thirty-Three Thousand Nine Hundred and Fifty Dollars And 05/100 Dollars (\$10,233,950.05) executed by Trustor in favor of Beneficiary or order.
3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured

**SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS**  
(continued)

To Protect the Security of this Deed of Trust, Trustor Agrees: By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions one (1) to fourteen (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	895	301	Sierra	29	335
Alpine	1	250	Lake	362	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	523	Solano	1105	182
Butte	1145	1	Los Angeles	T2055	899	Sacramento	4331	62	Sonoma	1851	689
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	617	Marin	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	282	San Francisco	A332	905	Tehama	401	289
Del Norte	78	414	Mendocino	579	530	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Mercad	1547	538	San Luis Obispo	1151	12	Tulare	2294	275
Fresno	4626	572	Modoc	184	851	San Mateo	4078	420	Tuolumne	135	47
Glenn	422	184	Mono	52	429	Santa Barbara	1878	860	Ventura	2062	386
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	334	486
Inyo	147	598	Nevada	305	320	Shasta	684	528			
Kern	3427	60	Orange	5889	611	San Diego	Series 2 Book 1961, Page 183887				

which provisions, identical in all counties, (printed on the attached unrecorded pages) are hereby adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that Trustor will observe and perform said provisions; and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

IN WITNESS WHEREOF, the undersigned has executed this document on the date set forth below.

Tulare Local Healthcare District, d/b/a Tulare Regional Medical Center

By: \_\_\_\_\_

Dated: \_\_\_\_\_

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS  
(continued)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document

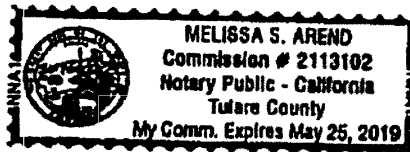
State of California )  
County of Tulare )

On September 27, 2017 before me, Melissa S. Arend, Notary Public (here Insert name and title of the officer), personally appeared Yorin Benny Benzeevi, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument (the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Melissa S. Arend (Seal)





**SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS**  
(continued)

**EXHIBIT "A"**  
Legal Description

Real property in the City of Tulare, County of Tulare, State of California, described as follows:


PARCEL 1 AND REMAINDER OF PARCEL MAP NO. 4531, IN THE CITY OF TULARE, COUNTY OF TULARE, STATE OF CALIFORNIA, AS PER MAP RECORDED AUGUST 23, 2002 IN BOOK 46, PAGE 36 OF PARCEL MAPS, TULARE COUNTY RECORDS.


EXCEPTING THEREFROM AN UNDIVIDED ONE-HALF OF ALL THE MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN, ON OR UNDER SAID LAND, TOGETHER WITH ALL RIGHTS INCIDENTAL TO THE DEVELOPMENT OF SAME, AS EXCEPTED IN THE DEED FROM SECURITY-FIRST NATIONAL BANK OF LOS ANGELES, A NATIONAL BANKING ASSOCIATION, TO C. E. SWEARINGEN AND CLARA B. SWEARINGEN, HUSBAND AND WIFE, DATED SEPTEMBER 29, 1936, RECORDED NOVEMBER 30, 1936 IN BOOK 704, PAGE 316 OF OFFICIAL RECORDS.

APN:  
171-300-015-000 as to Parcel 1 171-300-016-000 as to Remainder

**EXHIBIT #4**

# **EXHIBIT #5**

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
Benny Benzeevi, MD	CEO	

Signature:   
(OF CERTIFYING OFFICER)  
Name: Alan W. Germany  
(PRINT OR TYPE)  
Title: CFO/COO  
(OFFICER TITLE - PREFERABLY SECRETARY OR ASST. SEC.)  
Date: 8/30/17

# **EXHIBIT #6**

# BakerHostetler

## Baker & Hostetler LLP

11601 Wilshire Boulevard  
Suite 1400  
Los Angeles, CA 90025-0509

T 310.820.8800  
F 310.820.8859  
www.bakerlaw.com

August 28, 2017

Celtic Leasing Corp.  
4 Park Plaza, Suite 300  
Irvine, CA 92614

**Re: Lease Schedule No. 3826A01 (the "Schedule") to Master Lease No. 3826A (the "Lease") by and between Celtic Leasing Corp. ("Lessor") and Tulare Local Healthcare District ("Lessee")**

Ladies and Gentlemen:

We have acted as special California counsel to Healthcare Conglomerate Associates, LLC, the Manager of Lessee, in connection with the above-referenced Lease between Lessee and Lessor.

In such capacity, we have reviewed the Lease and Lease Schedule (including Addendum A).

In rendering our opinion, we have also examined such certificates of public officials, organizational documents of Lessee, and other certificates and instruments as we have deemed necessary for the purposes of the opinions herein expressed. As to certain questions of fact material to our opinion, we have relied upon the certificate of an officer of the Lessee (the "Opinion Certificate") and the representations of the Lessee contained in the Lease. As to certain matters involving California election law, we have relied upon the opinion of Michael L. Allan, Esq., Allan Law Office, a copy of which is attached hereto and made a part hereof by reference.

We express no opinion with respect to the effect of any law other than the laws of the State of California (the "State"), including, without limitation, the California Uniform Commercial Code (the "UCC"), and the federal law of the United States (together with the laws of the State, "Applicable Law").

Whenever our opinion herein is qualified by the phrase "to the best of our knowledge" (or similar phrase), it is intended to indicate that the current, actual

Atlanta Chicago Cincinnati Cleveland Columbus Costa Mesa Denver  
Houston Los Angeles New York Orlando Philadelphia Seattle Washington, DC

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knowledge of the attorneys within the Los Angeles office of this firm engaged in the representation of Lessee in connection with the Lease transaction is not inconsistent with that portion of the opinion which such phrase qualifies. Except as expressed herein, we have made no independent investigation of any such matters and we have not made any other examination of Lessee.

Based on the foregoing, and subject to the qualifications and exceptions herein contained, we are of the opinion that:

1. Lessee is a political subdivision of the State, to wit, a local healthcare district, duly organized and existing under the laws of the State, and specifically Section 32000 et seq of the California Health & Safety Code.

2. The UCC and no other statute of the State, governs the creation, perfection, priority and enforcement of any security interest created by the Lease.

3. Within the meaning of the UCC, Lessee is an unregistered organization, having its sole place of business or its chief executive office in the State. Lessee's true and correct legal name is stated above.

4. Lessee is authorized and has power under State law to own its properties and incur and pay its obligations, to enter into the Lease, to lease the property described in the Lease and to carry out its obligations thereunder and the transactions contemplated thereby, including, without limitation, payment of all rental payments set forth in the Lease.

5. Benny Benzeevi, M.D. is qualified and authorized to execute, on behalf of Lessee, any and all documents related to the Lease and Lease Schedule.

6. Based upon Resolution No. 852 of the Lessee, which was adopted by the Board of Directors of the Lessee on June 20, 2017 (a copy of which is attached hereto), the Lease, including the lease of the property subject thereto and Lessee's obligations thereunder, has been duly authorized, approved, executed and delivered by and on behalf of the Lessee and is a valid and binding contract of Lessee, enforceable against Lessee in accordance with its terms.

7. To the best of our knowledge, the authorization, approval and execution of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting, public bidding and other applicable laws, rules and regulations of the State.

8. The execution of the Lease and the appropriation of moneys to pay the payments coming due under the Lease do not result in the violation of any constitutional, statutory or other governmental limitation relating to the manner, form or amount of indebtedness which may be incurred by Lessee.

9. The accrual and payment by Lessee, and collection from Lessee, of the charges provided for in the Lease, including rental, interest, late fees, attorney's fees and other charges, do not and will not violate the constitution or any law of the State.

We express no opinion with respect to any documents other than the Lease and the Lease Schedule.

The foregoing opinions are subject to the following qualifications, limitations and exceptions:

(a) The effect of bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights, powers, privileges, remedies and interests of creditors, obligees or sureties including, without limitation, the effect of Sections 547 and 548 of the Federal Bankruptcy Code and comparable provisions of the laws of the State;

(b) The effect of the limitations imposed by Applicable Law or rules or principles (of equity, public policy or otherwise) affecting the enforcement of obligations generally, whether considered at law, in equity or otherwise, including (without limitation) those pertaining to specific performance, injunctive relief, materiality, good faith, fair dealing, diligence, reasonableness, unconscionability, impossibility of performance, redemption or other cure, suretyship rights or defenses, waiver, laches, estoppel, or judicial deference or other equitable remedies;

(c) The enforceability of any term or provision of the Lease that purportedly grants to a party or authorizes or permits a party or other person to exercise or otherwise enforce or pursue specific rights, powers, privileges, remedies or interests in a manner impermissible under or otherwise inconsistent with Applicable Law or public policy of the State from time to time in effect;

(d) The unenforceability under certain circumstances of provisions in the Lease to the effect that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to or with any other right or remedy, that election of a particular remedy or remedies does not preclude recourse to one or more other remedies, and that any right or remedy may be exercised without notice or an opportunity to cure;

(e) The unenforceability under certain circumstances of any term or provision in the Lease indemnifying a party against liability for its own wrongful or negligent acts or where such indemnification is contrary to public policy or prohibited by Applicable Law;

(f) The enforceability of any term or provision in the Lease purporting to assign contractual rights, to the extent such provisions are limited by requirements of notice to and consent of any third parties to such contracts or other interested parties, or any other restrictions as to the assignability of such contractual rights;

(g) The effect of the provisions of the UCC which require a secured party, in any disposition of personal property collateral, to act in good faith or in a commercially reasonable manner;



(h) Any rights under the Lease which are governed by the UCC are subject to the limitations and restrictions of the UCC which such statute provides cannot be waived;

(i) We express no opinion as to the existence, validity, binding effect, enforceability, attachment, perfection or priority of any security interest or lien created or purported to be created under the Lease;

(j) There may be limitations on the exercise of the Lessor's remedies arising out of any failure by the Lessor to comply with statutory requirements or judicial decisions thereunder in the actual exercise of its rights in connection with the foreclosure, sale or other enforcement of its security interests in any of the Equipment;

(k) We express no opinion as to whether or not the Lease transaction will be treated for federal and state income tax purposes as a true lease, or as a financing transaction.

(l) Our opinions in Paragraphs 5 and 6 above are based solely upon the Opinion Certificate and the Allan Law Office opinion.

In our opinion, the foregoing qualifications, limitations and exceptions do not render the Lease invalid as a whole, and there exist, in the Lease or pursuant to Applicable Law, legally adequate remedies for a realization of the principal benefits and/or security intended to be provided by the Lease.

We advise Lessor that circumstances can occur after the perfection of a security interest in personal property which could cause the security interest to become unperfected, including, without limitation, the fact that a financing statement lapses after five years; the UCC creates certain limitations on the rights to proceeds; a change in the name of the debtor or the location of the debtor will result in the security interest in certain property to become unperfected unless appropriate steps are taken; and a secured party's rights are subject to the rights of certain purchasers of the collateral to acquire the collateral free of the security interest.

To the extent that the obligations of Lessee may be dependent upon such matters, we assume that: Lessor is duly formed, validly existing and in good standing under the laws of its jurisdiction of formation; Lessor has the requisite power and authority to execute and deliver the Lease and to perform its obligations under the Lease; the Lease has been duly executed and delivered by Lessor, and constitutes the legally valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms; there are no other documents, understandings, or agreements (whether written or oral) between or among the parties which would expand, modify or otherwise affect the obligations of the parties under the Lease, the documents submitted to us contain therein all the terms intended by the parties.

We have also assumed that:

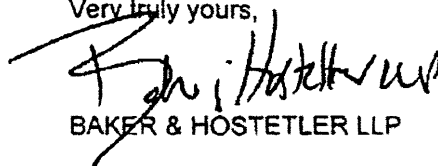
(1) The Lease transaction is not being entered into for any personal, family or household purposes.

(2) Lessee has "rights" (within the meaning of Section 9203 of the UCC) in the Equipment, and value has been given by the Lessor to Lessee in connection with the transactions contemplated by the Lease.

This opinion is intended solely for the benefit of the Lessor and its successors and assigns in connection with the Lease transaction. No part of this opinion may be relied upon by any other person or for any other purpose, be incorporated, quoted or otherwise referred to in any other document or communication or be filed with or otherwise furnished to any governmental authority or other person without our prior written consent, except that our prior written consent is not needed to furnish a copy of this opinion: (a) in connection with any proceedings relating to the Lease or the enforcement thereof; and (b) to accountants and legal counsel for the Lessor (each of whom may rely upon this opinion as though it had been addressed and delivered to them as of the date of this opinion). In all cases, reliance upon this opinion is conditioned upon acceptance of all of the qualifications, exceptions, assumptions, definitions, exclusions and other limitations set forth herein.

This opinion speaks only as of the date hereof, and to its addressees and their successors and assigns, and we have no responsibility or obligation to update this opinion, to consider its applicability or correctness to anyone other than its addressees, and their successors and assigns, or to take into account changes in law, facts or any other developments of which we may later become aware.

Very truly yours,



BAKER & HOSTETLER LLP

**RESOLUTION NO. 852 OF THE BOARD OF DIRECTORS OF  
TULARE REGIONAL MEDICAL CENTER**

**WHEREAS**, the Board of Directors (the "Board") of Tulare Local Healthcare District dba Tulare Regional Medical Center (the "District") has determined that it is necessary and appropriate, and in the best interests of the District to borrow funds to cover operating cash flow; and

**WHEREAS**, the Board has determined that it is necessary and appropriate, and in the best interests of the District, to have its manager, Healthcare Conglomerate Associates, LLC ("HCCA"), acting through its Chairman, Benny Benzeevi, M.D. ("Authorized Representative") seek to obtain a loan for the purposes of payment of operating expenses of the Hospital, repayment of debt, payment of ongoing costs of construction of the Tower project, and for other Hospital purposes.

**NOW, THEREFORE, BE IT RESOLVED THAT** the District's Authorized Representative is authorized and directed to prepare, execute and submit to potential lenders applications for a commitment to make a loan, or other agreement for the extension of credit to the District, in an amount of up to \$22,000,000, upon such terms and at such interest rate as the District's Authorized Representative determines to be fair and consistent with the marketplace for the purposes stated above.

**FURTHER RESOLVED**, that if a loan commitment is obtained, the Authorized Representative is authorized and directed to take any further actions and to execute, in the name of and on behalf of the District, any instruments and documents required by the lender to obtain such loan, including, without limitation, promissory notes, security instruments and other customary loan documents (which includes sale/leaseback documents which are used for financing purposes), it being the intention of the Board that the Authorized Representative shall have absolute, full and complete power and authority to execute and deliver to the lender any and all documents and instruments required to obtain and consummate such loan, and to take any further actions required to obtain and consummate such loan.

**FURTHER RESOLVED**, that the Board acknowledges and agrees that except to the extent prohibited by applicable law and any existing Bond documents, all property (real and personal), equipment, revenues, deposit accounts and other assets of the District may be used as security for any loan obtained pursuant to this Resolution.

**IN WITNESS WHEREOF**, I have hereto set my name as Secretary of the District, this 20 day of June, 2017.

  
Mike Jamaica, Secretary

**MICHAEL L. ALLAN**  
ATTORNEY AT LAW  
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SUITE 102  
PASADENA, CALIFORNIA 91107

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August 25, 2017

By Email

Bruce R. Greene, Esq.  
Baker & Hostetler LLP  
11601 Wilshire Blvd, Ste 1400  
Los Angeles, CA 90025 - 0509

Re: Tulare Local Hospital District Special Election Aftermath  
Has Senovia Gutierrez commenced her term of office as a TLHD Director

Dear Mr. Greene:

Thank you for the opportunity to provide you with this analysis regarding the above referenced matter. You have asked me to discuss the aftermath of the Tulare Local Healthcare District ( the "Board" or "TLHD") recall and special election of July 11, 2017 (the "Special Election"), specifically whether the candidate elected to replace a sitting director removed through the recall process may be considered as having commenced her term of office.

I have previously performed legal services for a TLHD director. To the best of my knowledge, the interests of my former client and those of the TLHD are not adverse to each other, and no actual or potential conflict of interest exists or threatens to come into existence which would prevent me from presenting my analysis to you. Further, in that prior capacity, I became acquainted with certain facts pertinent to this matter, which are set forth below. You have not provided to me a separate set of facts or additional facts for this analysis or otherwise.

In making this opinion, I have reviewed various legal sources, including the California Election Code and its legislative history, and case law arising therefrom, published guidelines of the California Secretary of State and Tulare Registrar of Voters regarding elections, and recalls, the Tulare County Code. I have based my analysis on such statutes, case law, regulations, and decisions and published statements of the State of California, and its local subsidiaries (the "Applicable Law").

When my statements herein are qualified by the phrase "to the best of my knowledge", or a similar phrase, it is intended to indicate that my actual knowledge of the facts in this matter is not inconsistent with the statement that is qualified by such phraseology.

This opinion is based upon my understanding that the facts set forth below are true and that there are no other relevant or contrary facts that would be necessary to formulate this opinion. To the extent that these assumptions of facts are misplaced or other material facts exist, I reserve the right to change this opinion in whole or in part. This opinion is subject to the

foregoing limitations, and subject further to the qualifications and exceptions set forth herein,

My understanding of the facts is as follows:

A. Facts Assumed:

The Special Election was held July 11, 2017 for the purposes of recalling a Director of the Tulare Local Healthcare District (TLHD), and, if the recall were successful, replacing the recalled Director. The TLHD Board consists of five (5) directors elected to represent various districts within the TLHD, which encompass the City of Tulare and various areas of Tulare County. Three (3) directors participating in a meeting constitute a quorum. The Special Election was held, a director was recalled and a replacement was elected in the person of Senovia Gutierrez ("Gutierrez"), who apparently received a majority of the votes cast to replace the recalled director.

Following the election, a recount was timely requested and performed. The success of the recall was confirmed, Gutierrez was confirmed by the Tulare Registrar of Voters (the "RoV") as the candidate who received sufficient votes to replace the recalled Director.

On July 25, 2017, Ms. Gutierrez and two allied members of the Board held an event, where a third director also attended but did not speak, at which Ms. Gutierrez was proclaimed victor and she purported to orally take the oath of office. However, at that time, no certification of the election had been provided to the Board, and no legal notice had been provided regarding said event, and no declaration of the election under Elections Code Sec. 15400 had been made. Ms. Gutierrez apparently also signed an oath of office on July 25, 2017, and apparently provided it to the RoV rather than to the Secretary or Clerk of the TLHD as required by statute. On that date, the RoV prepared and overnighted a letter to the TLHD Secretary which included, inter alia, the certification of the results of the Special Election, and at least a copy of the oath document subscribed by Gutierrez. How the oath document made it into the RoV's correspondence package for a Fed Ex delivery when Gutierrez's taking of the oath was broadcast, inter alia, through facebook live feed in the evening of that same day is not explained.

On July 26, 2017, the very day of the next regularly scheduled meeting of TLHD, the RoV provided the certification of the election results to the TLHD, allowing insufficient time for a declaration of the election under Elections Code Section 15400 to be noticed to the public. Two of the current directors (the "dissenting directors") demanded that the Chairman place the declaration on the meeting agenda and declare the election, which the Chairman declined citing the late delivery of the Certification to TLHD, and Brown Act concerns regarding proper notice. The dissenting directors then declined to participate in the Board meeting, even so as to place the declaration of the election on a subsequent agenda, and walked out. A quorum could not be reached. Since the July 26, 2017 regular Board meeting, the dissenting directors and Ms. Gutierrez have failed to attend a regular Board meeting or cooperate with the two other directors to schedule a meeting or to otherwise attend to Board business.

Initially, the dissenting directors and Gutierrez claimed that the July 25<sup>th</sup> meeting was valid event where she was sworn and joined the Board. Later, they took the position that the

event was only ceremonial and therefore exempt from Brown Act notice and like considerations. Following the July 26, 2017 regular meeting of the Board, the two dissenting Directors and Ms. Gutierrez instead of participating in regular Board meetings have participated in several events which they have characterized as Special Board meetings, but which events were held apparently without legal notice, were called and attended by only the two dissenting directors and the unseated Ms. Gutierrez, and which lacked legal quorums. At one such event, the dissenting directors and Ms. Gutierrez purported to adopt various statements and resolutions on behalf of the TLHD, including voting to rescind Resolution 852, which authorized HCCA, the manager of the District (acting through its Chairman, Dr. Benny Benzevi) to enter into loans on behalf of the District and to terminate the District's representation by the Baker Hostetler firm. They also voted to seat Ms. Gutierrez, at some point.

Applicable Law:

*General Election Laws of California Govern*

While TLHD is a special district for various purposes under the law, the Uniform District Election Law, Govt. Code Secs. 10500 - 10556 do not appear applicable as the TLHD was formed prior to the institution of the Uniform District Election Law in 1994. Provision in statute for action required by the RoV, TLHD, and Gutierrez in the aftermath of the Special Election include Elections Code Section 15372 and Elections Code Section 15400. Government Code Section 1303 speaks to requirements of qualification for office after an election. Government Code Section 5602 identifies TLHD as the governing body for purposes of this analysis. Government Code Section 11384 provides inter alia for removal of a recalled officer after qualification of his successor. Government Code Section 11386 mandates a time frame for a successful candidates qualification for office. Bylaws of TLHD as adopted, specifically regarding provisions for the calling of meetings and quorums.

Discussion:

*Procedure Following Election*

Following the Special Election, the RoV, TLHD, and Gutierrez are obliged to follow certain post election procedures which provide for her accession to office.

RoV Provision of Certified Election Results

Elections Code Section 15372 provides that the Registrar of Voters ("RoV") will forward to the TLHD, as the governing body, a certified statement of the results of the election. The same is forwarded to the successful candidate in accord with Elections Code Section 15401. As noted above, to the best of my knowledge, the RoV provided the certified statement to TLHD and it was received on the day of the regular Board meeting for July 2017.

Declaration of Election

Following receipt of the certified statement of the election results from the RoV, the governing body, TLHD, must formally declare the election pursuant to Election Code Section 15400. Elections Code Section 15400 provides, in pertinent part, that the governing body "shall declare elected ... to each office voted on at each election under its jurisdiction the person having the highest number of votes for that office..." The TLHD is the governing body in this matter as provided in Government Code Sec. 5602. The specific action which constitutes a

declaration of election results by the governing body is not set forth in statute. However, in the case *Brown v. Hite*, 64 Cal.2d 120, the court describes the issuance of a declaration of election as "a certificate commemorating an event that has already occurred." *Brown*, 64 Cal.2d at 127. The issuance of a certificate is more than a mere announcement from the podium by a director, but rather appears to require the affirmative action of the Board. The Board can only take action by motion or resolution (Bylaws, Article II, Sec. 2.c.) with the existence of a quorum, (Bylaws, Article II, Sec. 2.a.) and no quorum has occurred since the June, 2017 regularly scheduled meeting of the Board. Hence, the Board has been unable to notice and take action to declare the election.

*A) Interpretation of Elections Code Section 15400*

Decisions interpreting Elections Code Section 15400 or its predecessor statutes are not abundant. In *Brown v. Hite* (1966) 64 Cal.2d 120, ostensibly providing its decision under the regime of a former elections code section iteration, the California Supreme Court stated that as regards judicial candidates a prevailing candidate is elected on the day of the election and not on the day the results of the election are officially declared. "...if an election is in fact held, the prevailing candidate is elected on the day of the election (cf. *Bowring v. Dominguez* (1935) 3 Cal.2d 167, 168) and not on the day the results are declared". *Brown v. Hite* at 127. In so doing, the Court referred to the declaration as a formality, commemorating an event that has already occurred. *Brown v. Hite*, 64 Cal.2d at 127. Only four published cases cite to the *Brown* decision, three of which pertain specifically to the election of judges, and the fourth pertaining to the court discussion of limitations on its powers with respect to legislative enactments in the context of an insurance litigation. *Topa Ins. Co. V. Fireman's Fund* 39 Cal.App.4th 1331, 1341.

The legislature has amended former Elections Code § 15400, which was enacted by in 1961, amended by in 1963, and partially repealed in 1976, and then included in an amendment intended to reorganize and clarify the Elections code, and provided "only technical and nonsubstantive effect" in 1994. Regarding the 1994 amendment and reorganization, the legislative notes refer to a lack of intention to add or subtract rights and obligations as a result of said amendment. Deerings, California Codes, Note re: Stats 1994, ch 920, re: Sec. 3. Elections Code Section 15400 remains substantively intact. The failure to substantively change or eliminating the provisions of that Section, suggests that the legislature decided that the declaration of the election by the governing body would continue as part of the post-election process.

*B) Local Governing Bodies Regularly Comply with E.C. Sec 15400*

Local governing bodies, including cities, counties, and local districts, regularly comply with the obligation to formally declare election results in accord with the provisions of Elections Code Section 15400. Citing to the obligations upon governing bodies set forth in Elections Code Section 15400, formal written declarations of election results by resolution requiring a motion, seconding, and a subsequent vote are normal procedure for compliance, as in, for example, the Stanislaus County Board of Supervisors, the San Francisco County Board of Supervisors acting, including when acting, inter alia, for the BART District Board of Directors, the local Community College District, the San Francisco Unified School

District, and the San Francisco Superior Court, the City of Palo Alto and the City of Oakland. Additionally, declarations of election are included as formal agenda items for meetings, including, e.g. the Santa Clara County Board of Education, the Napa County Board of Supervisors, and the Alameda County Board of Supervisors. The TLHD is required by its Bylaws to take action only by motion or resolution, and therefore would require formal action at a meeting having a quorum so as to comply with Elections Code Section 15400. (Bylaws, Article II, Sec. 2.c.)

Governing body compliance with Elections Code Section 15400 is pursuant to recommendations from their respective Registrar of Voters and governing body staff, including for example the staff of the County Clerk Recorder (Elections) of the County of Stanislaus, the County Clerk/Recorder/Assessor for the County of Sonoma, office of the City Clerk of Palo Alto, the Assessor-Recorder-County Clerk as Ex-officio Registrar of Voters for Napa County as of 2006, and the Registrar of Voters of Alameda County. As regards the matter at hand, the Tulare County RoV set forth her recommendation that the TLHD comply with Elections Code Section 15400 (See Letter to TLHD from RoV of 07/25/2017). The County Clerk/Assessor/Recorder of the County of Sonoma has opined further in pertinent part that the County's failure to comply with its obligation to declare the election results would "result in elected candidates not taking office". (See Agenda Item Summary Report, Requested Board Action, 12/14/2010) In addition, the School and College Legal Services of California ("SCLS"), a joint power authority serving school and college districts, has advised its constituent superintendents that making a declaration of election is required pursuant to Elections Code Section 15400. (SCLS Legal Update 09/20/2016 to Superintendents of Member Districts)

*C) Election and Commencement of Term are Different Concepts*

Various statutes discuss the times following an election when an elected person may take office, separating the concept from that of the election itself. Further, the court in *Browning* cites to *Bowring v. Dominguez* (1935) 3 Cal.2d 167 in which the Court again discusses eligibility of judicial candidates for office, and in so doing recognizes a distinction between election to office and the commencement of the term of office by citation to and discussion of the decision in *Ward v. Crowell*, 142 Cal. 587, 76 P. 491 (Cal. 1904) in which a County officer was eligible to take office based on the timing of his receipt of certain professional certifications required for such office. The Court noted the earlier decision as stating that "it was sufficient in order for him to legally hold office after after his election that he receive such a certificate before his term of office commenced" *Bowring* at 170. Hence, the Court, in *Ward v. Crowell* and in *Bowring*, tacitly recognizes that election and the commencement of a term of office are two separate matters. See *Ward v. Crowell*, 142 Cal. 587, 76 P. 491. Note: The *Ward* case has been distinguished by two subsequent cases concerning the applicability of conditions to office holding when the time for the existence of conditions is not specified in statute or constitution.

Qualification of Gutierrez

As the successful candidate, Ms. Gutierrez must have been qualified for office within ten (10) days after receiving the certification of the election from the RoV. See Govt. Code Sec. 11386. To qualify, Ms. Gutierrez must have subscribed to the Oath of Office and filed the original of the same with the Clerk or Secretary of TLHD, pursuant to Government Code



Section 1303. Note: If Ms. Gutierrez is deemed to have failed to file the original oath of office with the TLHD's Clerk or Secretary, then it becomes arguable that the office to which she was elected "shall be vacant, and shall be filled according to law." Govt Code Sec. 11386 Note: The recalled Director is not removed from office until the qualification of his successor. Govt Code Sec. 11384

Special Meetings Called By Dissenting Directors After July 26, 2017

Following the July 26, 2017 regular meeting of the Board, the two dissenting Directors and Ms. Gutierrez instead have participated in several independent events which they have characterized and represented as Special Board meetings. Those events were held without requisite and timely legal notice, and in addition were called by only the two dissenting directors, Jamaica and Northcraft. Ms. Gutierrez's participation in any call for a meeting is, as yet, irrelevant as she is not a seated director as discussed above. The Tulare Local Health Care District Bylaws, adopted May 22, 2013 (the "Bylaws") governs, inter alia, meetings of the Board of Directors of TLHD, including their calling and the formation of quorums. The Bylaws at Article II, Sec. 1.b. provide that a Special Meeting of the TLHD may be called by three (3) directors, not merely two. Said subsection also requires that such meetings be held in compliance with the Ralph M. Brown act by timely publication of notice of any such meeting. However, in addition to disqualification of any such purported meeting or associated action taken in potential violation of the Brown Act arising from lack of appropriate and sufficient legal notice, such events were not called in compliance with the Bylaws, and do not constitute valid Special Meetings of TLHD, having been called by only two directors, Northcraft and Jamaica, and notably lacking a quorum. The Bylaws, at Article II, Section 2.a., provides that a majority of the directors constitutes a quorum for the transaction of business, and only two of the four (4) sitting directors were present at the purported special meetings. Hence, any actions purportedly undertaken at such improperly called purported special meetings lacking a quorum do not have any binding effect upon TLHD or its other directors, and do not constitute legal acts of TLHD.

Conclusion:

A multi-step process following the election of a TLHD Director is required for Gutierrez to take office. 1) The RoV must provide a certified statement of the election results to the TLHD as the governing body, and to the successful candidate within thirty (30) days of the election; 2) TLHD must thereafter declare the election, an action which is not defined in the code, but which case law suggests is more than a mere announcement from the dais and may require affirmative action of the Board, which itself requires a quorum at a meeting of the Board; 3) Gutierrez must, within 10 days after receipt of the certified statement of election from the RoV, subscribe to her oath of office and file it with the Clerk or Secretary for the TLHD.

The failure of the dissenting directors to participate in meetings of the Board, and achieve a quorum since the June regular meeting of the TLHD, has prevented TLHD from making the declaration of election required in Elections Code Section 15400. Further, I am aware of no facts to suggest that Ms. Gutierrez has filed the original of her oath of office with the Secretary or Clerk of TLHD, or that she filed the same within the mandated ten (10) days of her receipt of the certified statement of election from the RoV.

The known facts suggest that compliance with statutory procedure required to commence Ms. Gutierrez term of office has not taken place, and she is not yet a director. Further, if Ms. Gutierrez has failed to subscribe her oath and file it with TLHD within the time frames set forth in Government Code Section 1303, the office to which she was elected may be deemed to have fallen vacant.

Acts purportedly taken by Ms. Gutierrez in concert with the dissenting directors, at improperly called purported special meetings lacking a quorum, are attempted without compliance with the Bylaws or with California law regarding such meetings. A special meeting of the Board cannot be called by only two directors of four, and therefore the events called by the dissenting directors and Gutierrez do not constitute valid meetings of the Board pursuant to the Bylaws. Such invalidity is in addition to their potential illegal nature under the Ralph M. Brown Act. Further lacking a quorum of the sitting directors, no action taken at such a purported meeting would have any binding force or effect.

This opinion is based on the foregoing assumptions of fact and law discussed herein. I have not located any other statutes, cases, or regulations other than those expressed herein that are material to my opinion. To the extent that such other statutes, cases, regulations, regulatory council opinions, district council opinions, and attorney general opinions exist, I reserve the right to modify this opinion in whole or in part based on such other factors. My assumptions of fact and law are set forth herein, and there are no implied and unstated assumptions of fact or law. I am expressing no opinion with respect to any facts or the application of law to such facts, other than as are set forth above.

The foregoing analysis is subject to the following qualifications, limitations and exceptions:

- a) There may be facts concerning post-election actions, statements, and other facts effecting the electoral status candidate Gutierrez, and the occurrence of law and regulation of which I am unaware, whether by reason of lack of public promulgation or otherwise;
- b) There may be changes of law, regulation, and ideas of enforcement and interpretation of the same which may have been considered or initiated since the time of the Special Election which have not been publicly promulgated and of which I am unaware which may effect the analysis applied to the facts concerning the aftermath of the Special Election and the electoral status of Gutierrez;
- c) The undersigned is aware of no Charter or similar document governing the TLHD which would exempt the recall, election, and seating of directors from the general election law;
- d) This analysis has been provided in an unusually abbreviated time frame at your request, and such abbreviated time frame has limited my ability to research and analyze the question presented.

I reserve the right to amend this opinion in whole or in part, based upon such later

**MICHAEL L. ALLAN, ESQ.**  
**Letter: Bruce Greene, Baker & Hostetler, LLP**  
**Date: August 25, 2017**  
**Page 8 of 8**

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discerned facts and law as may become available.

Subject to the reservations and conditions set forth herein, this opinion may be relied upon for purposes relating to its subject matter.

Thank you for your anticipated attention to this matter. Should you have any questions or comments, please contact me directly in writing by means of my email account.

Very truly yours,

Michael L. Allan, Esq.

# **EXHIBIT #7**

CHASE

## Business Signature Card

ACCOUNT TITLE ("DEPOSITOR")  
TULANE ASSET MANAGEMENT, LLC

BUSINESS ADDRESS  
1994 LAKEWOOD DR  
VISALIA, CA 93281-8946  
United States/US Territories

ACCOUNT NUMBER 886115815  
ACCOUNT TYPE Chase Platinum Business Checking  
TAXPAYER ID NUMBER 48-026091  
DATE OPENED 11/03/2016  
FORM OF BUSINESS Limited Liability Company - Member Managed (LLC)  
ISSUED BY JPMorgan Chase Bank, N.A. (703)  
Name: 748400  
JILL MONACO  
(336) 634-1815  
11/09/2016

PRIMARY ID TYPE	PRIMARY ID NUMBER	ISSUER	ISSUANCE DATE	EXPIRATION DATE
Articles of Organization	301630916115	CA	10/01/2016	
SECONDARY ID TYPE	SECONDARY ID NUMBER	ISSUER	ISSUANCE DATE	EXPIRATION DATE
None				

**ACKNOWLEDGEMENT** - By signing this Signature Card, the Depositor agrees to open a deposit account at JPMorgan Chase Bank, N.A. (the "Bank"). The Depositor represents and warrants that the signatures appearing below are genuine or facsimile signatures of the person(s) authorized to transact business and (a) all necessary actions or formalities, where necessary, have been taken to authorize the named person(s) to so act. The Bank is entitled to rely on the authority of the named person(s) until written revocation of such authority is received by the Bank. The Depositor certifies that the information provided to the Bank is true to the best of its knowledge and authorizes the Bank, at its discretion, to obtain credit reports on the Depositor. The Depositor acknowledges receipt of the Bank's Deposit Account Agreement or other applicable account agreement, which include all provisions that apply to this deposit account, and other agreements and service terms for account analysis and other treasury management services if applicable, and agree to be bound by the terms and conditions contained therein as amended from time to time.

When you give us your mobile phone number, we have your permission to contact you at that number about all your Chase or J.P. Morgan accounts. Your consent allows us to use text messaging, email or pre-recorded voice messages and automatic dialing technology for informational and account service calls, but not for telemarketing or sales calls. It may include contact from companies working on our behalf to service your accounts. Message and data rates may apply. You may instruct us anytime to change your preferences.


PRINTED NAME	TELEPHONE NUMBER	TAXPAYER ID #	TITLE	DATE	SIGNATURE
1) TORAL B RENZBERG	(559) 360-7144 (559) 636-1413 (818) 442-2659	585-10-8882	Signer	12/16	
2) _____	_____	_____	_____	_____	_____
3) _____	_____	_____	_____	_____	_____
4) _____	_____	_____	_____	_____	_____



## **EXHIBIT #8**

# Investigative Auditor Report

**TO:** Trevor Holly  
Deputy District Attorney  
Tulare County District Attorney's Office

**FROM:** Darrell B. Early, MBA, CFE   
Investigative Auditor Specialist  
Fraud and Special Prosecutions Section  
Office of the Attorney General/California Department of Justice

**SUBJECT:** Celtic Commercial Finance Purchase/Leaseback Proceeds of \$3 Million

**DATE:** December 19, 2018

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## **I. Background**

This report provides an update to Investigative Auditor Report #1 based on additional evidence obtained and further analysis of all information contained in this report. Investigative Auditor Report #1 was issued on September 27, 2018.

In January of 2018, I, Investigative Auditor Specialist Darrell Early, Office of the California Attorney General (AG), Fraud and Special Prosecutions Section, began assisting the Tulare County District Attorney's Office with the investigation involving the Tulare Regional Medical Center (TRMC) and Healthcare Conglomerate Associates, LLC (HCCA). This report provides data and information from this financial investigation regarding the financial activities related to TRMC, HCCA, and Tulare Asset Management, LLC (TAM), a related entity of HCCA.

Based on the records obtained, an audit was conducted to determine the purpose for the disbursement of funds from Celtic Commercial Finance (CELTIC), determine the amount of funds disbursed by CELTIC, determine how CELTIC disbursed the funds, and trace the disbursed CELTIC funds between multiple bank accounts.

## **II. Executive Summary**

I reviewed, scheduled, and analyzed several bank accounts. In addition, I reviewed documentation and emails from CELTIC and TRMC. The bank records, documentation, and emails were obtained through search warrants executed by the Tulare County District Attorney's Office.

After reviewing and analyzing documentation and information, it was determined that TAM received \$3 million from CELTIC via wire transfer and subsequently transferred those

funds to other bank accounts controlled by Yorai "Benny" BENZEEVI with the exception of \$133,526.38. The report also demonstrates that it was communicated to CELTIC that the \$3 million would be used for cash reserves for TRMC and to retire existing TRMC revenue bond debt. In addition, CELTIC was informed by TRMC representatives to send the \$3 million to the TAM bank account in which CELTIC believed was owned by TRMC based on communication with TRMC representatives.

This investigation is still ongoing.

### **III. Scope**

The objectives of the audit were as follows:

- Determine the purpose for the disbursement of funds from CELTIC.
- Determine the amount of funds disbursed by CELTIC.
- Determine how CELTIC disbursed the funds.
- Trace the disbursed CELTIC funds between multiple bank accounts.

### **IV. Approach**

#### *Examiner*

Investigative Auditor Specialist Darrell B. Early, MBA, CFE

#### *Procedures*

As part of the analysis of this matter, the Investigative Auditor Specialist took the following actions:

- Communication with the Tulare County District Attorney's Office.
- Reviewed copies of financial records and documents provided by CELTIC.
- Reviewed and analyzed bank records for bank accounts controlled by TRMC, HCCA, and TAM.
- Reconstructed monthly bank statements in electronic format using Microsoft Excel spreadsheets.
- Conducted research on the Internet.
- Prepared summary chart and schedules of audit findings.



## V. Findings

### A. Purchase/Leaseback Agreement

#### CELTIC'S Background

In August of 2017, representatives of Tulare Local Healthcare District (TLHD)/TRMC communicated with CELTIC in regards to obtaining a purchase/leaseback agreement involving TRMC equipment. According to CELTIC'S website, they are a full service equipment lease and finance company specializing in lease transactions throughout the United States.<sup>1</sup>

#### Application and Letter of Intent

On August 8, 2017, Alan GERMANY, a representative of TRMC sent an email to CELTIC stating that he signed a letter of intent to CELTIC regarding a purchase leaseback for \$10 million. In GERMANY'S email he states that he is a signer and attester in his function as CFO and COO.<sup>2</sup>

On August 8, 2017, an email between CELTIC representatives show an attachment document of a credit application signed by Delbert BRYANT of TRMC and a letter of intent signed by GERMANY with GERMANY indicating only \$10 million for a purchase leaseback at this time even though a total of \$22 million is listed on the document.<sup>3</sup> BRYANT'S title on the credit application is listed as, "Controller."

On August 8, 2017, GERMANY sent an email to CELTIC indicating that a \$30,000 check is on it's way to CELTIC via UPS for the funding of \$3 million.<sup>4</sup> An attached document in the email show a copy of the \$30,000 check written from a bank account in the name of TRMC to CELTIC.<sup>5</sup>

#### Purpose of the Leaseback Agreement Funds

On August 4, 2017, Skylar CRANE from CELTIC sent an email to GERMANY inquiring about what was the motivation for raising cash and that CELTIC wanted an explanation from GERMANY regarding the purpose of going through the reimbursement/funding process now. In addition, CRANE specifically asked, "For example, are going to use it for acquisitions, future sites, etc.?"<sup>6</sup>

GERMANY replies back to CRANE'S email on August 4, 2017. GERMANY states in his email that TRMC had a system conversion in October of the prior year (2016) and as a result of the conversion, cash collections declined 24% or \$9 million. GERMANY also states that conversion costs TRMC incurred were around \$9.4 million. In addition,

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<sup>1</sup> <http://www.celticfinance.com/>.

<sup>2</sup> Exhibit 1: Email- FW: Tulare Regional Medical Center - Purchase Leaseback.

<sup>3</sup> Exhibit 1: Email- FW: Tulare Regional Medical Center - Purchase Leaseback.

<sup>4</sup> Exhibit 2: Email- RE: Tulare Regional Medical Center - Purchase Leaseback.

<sup>5</sup> Exhibit 3: Copy of \$30,000 Check.

<sup>6</sup> Exhibit 4: Email- RE: Celtic Commercial Finance- IIFMA (Equipment List).

GERMANY states that General Obligation bond proceeds were exhausted in October 2014, which caused him to fund a continuing patient tower construction project from hospital operation funds, which totaled to \$8 million as of the date of the email.

According to GERMANY, the leaseback agreement funds would not be used for acquisitions or future sites, and that the new funding would go towards replenishing cash reserves for TRMC due to the aforementioned total of \$26.4 million of expenditures (\$9 million + \$9.4 million + \$8 million). GERMANY also stated that TRMC may use a portion of the funds to retire existing revenue bonds, which totaled at \$13.6 million as of the date of the email. The following are the words from GERMANY:

"We do not plan to use the funds for acquisitions or future sites. The anticipated new funding will go towards replenishing cash reserves due to the \$26.4 MM expenditures outlined above. We also may use a portion of the proceeds to retire the existing revenue bonds, which currently total \$13.6 MM. Let me know if you would like further explanation or rationale."<sup>7</sup>

#### Approval and Signed Documents

In August of 2017, TRMC was approved for \$3 million according to a purchase leaseback agreement with CELTIC. The following are different documents that were part of the approval and agreement process.

- A. Approval letter from CELTIC dated August 22, 2017. The letter was signed by GERMANY, BENZEEVI, and Paula NGUYEN on August 23, 2017.<sup>8</sup> BENZEEVI at the time of the signing of letter was the CEO of HCCA representing TRMC and NGUYEN signed for CELTIC and NGUYEN'S title listed on the document was "Vice President."
- B. Lease Schedule No. 3826A01 dated August 24, 2017. The schedule was signed by GERMANY and BENZEEVI on August 23, 2017 and signed by Michael J. PURCELL on August 24, 2017.<sup>9</sup> PURCELL signed for CELTIC and PURCELL'S title listed on the document was "Executive Vice President."
- C. Master Lease Agreement No. CML-3826A. The master lease agreement was signed by GERMANY and BENZEEVI on August 23, 2017 and signed by PURCELL on August 24, 2017.<sup>10</sup>
- D. Purchase/Leaseback Agreement and Bill of Sale. The agreement and bill of sale was signed by BENZEEVI and PURCELL on August 30, 2017.<sup>11</sup>

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<sup>7</sup> Exhibit 4: Email- RE: Celtic Commercial Finance- HEMA (Equipment List).

<sup>8</sup> Exhibit 5: Celtic Commercial Finance Approval Letter.

<sup>9</sup> Exhibit 6: Lease Schedule No. 3826A01.

<sup>10</sup> Exhibit 7: Master Lease Agreement No. CML-3826A.

<sup>11</sup> Exhibit 8: Purchase/Leaseback Agreement and Bill of Sale.

E. Acceptance Certificate. The certificate was signed by BENZEEVI on August 30, 2017.<sup>12</sup>

F. Organization Certificate. The certificate was signed by BENZEEVI.<sup>13</sup> GERMANY signed as a witness on August 30, 2017.

The purchase leaseback agreement was between TLHD/TRMC and CELTIC as evidenced in the aforementioned documents. The agreement was that TLHD/TRMC would receive \$3 million from CELTIC by selling and leasing back \$3 million worth of TRMC's equipment assets. See Exhibit 8- Purchase/Leaseback Agreement and Bill of Sale for a listing of TRMC assets that were sold to CELTIC. There was no purchase leaseback agreement between TAM and CELTIC.

### **B. Wiring of Funds**

On August 18, 2017, BRYANT sent an email to CELTIC providing wire information for wiring funds. The following is the wiring information that BRYANT provided.

"Skylar,

The account is named Tulare Asset Management Account  
Bank is Washington Mutual (now Chase but system still reads routing number as WM)  
Routing number 322271627  
Account number [REDACTED] 5915  
Put on memo line: Tulare Local Health Care District"<sup>14</sup>

Based on BRYANT'S wiring information, the funds were to be wired to an account named TAM held at JPMorgan CHASE Bank. The TAM bank account is not an account held under TRMC, but is an account that is controlled by BENZEEVI separately from TRMC.

CELTIC generated a wire detail report dated August 31, 2017, that show pending payment status of the \$3 million that was sent to TAM bank account held at CHASE Bank. According to the report, the funds were wired on August 31, 2017.<sup>15</sup>

### **C. Tracing of CELTIC \$3 Million Purchase/Leaseback Proceeds**

CHASE Bank- Account Number [REDACTED] 5915

On August 31, 2017, \$3 million via wire transfer was deposited into TAM bank account number 898115915 held at CHASE Bank.<sup>16</sup> The deposit was from CELTIC. The account is a Chase Platinum Business Checking account and Yorai B Benzeevi is the signer on the account. The account was opened on November 9, 2016. Prior to the \$3 million deposit, the

<sup>12</sup> Exhibit 9: Acceptance Certificate.

<sup>13</sup> Exhibit 10: Organization Certificate.

<sup>14</sup> Exhibit 11: Email- RE: wire information.

<sup>15</sup> Exhibit 12: Wire Detail Report.

<sup>16</sup> Exhibit 13: Schedules- Flow of \$3 Million Celtic Funds.

account had a balance of \$56,811.04. The ending balance in the account as of August 31, 2018 was -\$185.00. The following were all the subsequent withdrawals after the deposit of the \$3 million.<sup>17</sup>

- On September 7, 2017, \$133,526.38 was wired to TRMC Bank of the Sierra account number 2020241570.
- On September 11, 2017, \$499,727.93 was transferred to HCCA CHASE Bank account number 550578699.
- On September 13, 2017, \$2.4 million was transferred to HCCA CHASE Bank account number 550578699.
- On October 23, 2017, \$23,456.73 was transferred to HCCA CHASE Bank account number 550578699.
- On November 3, 2017, \$95.00 monthly service charge to the account.
- On December 5, 2017, \$95.00 monthly service charge to the account.
- On June 5, 2018, \$95.00 monthly service charge to the account.
- On July 5, 2018, \$95.00 monthly service charge to the account.
- On August 3, 2018, \$95.00 monthly service charge to the account.

As mentioned before, the account had a balance of \$56,811.04 before the deposit of the \$3 million CELTIC funds; therefore, the CELTIC funds were commingled in the account. In order to determine the specific use and balance of the commingled funds, the auditor applied the, "Lowest Intermediate Balance Rule (LIBR)" asset tracing methodology. LIBR presumes that the owner of the commingled bank account will preserve the illegitimate funds for the benefit of the victim(s); therefore, the owner will use their own funds first before using the illegitimate funds. See Table 1 below in determining the use and the balance of commingled funds in the account.

**Table 1: LIBR Asset Tracing**

Date	Description	Deposit	Withdrawal	CELTIC Funds Balance	NonCELTIC Funds Balance	Total Balance
08/02/2017	Account Balance				56,811.04	56,811.04
08/31/2017	Celtic Leasing Corp	3,000,000.00		3,000,000.00	56,811.04	3,056,811.04
09/07/2017	TRMC Acct 1570		133,526.38	2,923,284.66	-	2,923,284.66
08/31/2018	Ending Balance	190.00	2,923,659.66			(185.00)

<sup>17</sup> Exhibit 13: Schedules- Flow of \$3 Million Celtic Funds.

The balance of \$2,923,284.66 in the account as of September 7, 2017 are CELTIC funds. In addition, \$76,715.34 (133,526.38 minus 56,811.04) of the \$133,526.38 that was transferred to TRMC Acct 1570 on September 7, 2017 was part of the \$3 million CELTIC funds.

CHASE Bank- Account Number [REDACTED] 8699

On September 11, 2017, \$499,727.93 was deposited into HCCA CHASE bank account number 550578699 held at CHASE Bank and on September 13, 2017, \$2.4 million was deposited into HCCA CHASE bank account number 550578699 held at CHASE Bank.<sup>18</sup> The deposits were from transfers from TAM bank account number 898115915 held at CHASE Bank. The account is a Chase Total Business Checking account and Yorai B Benzeevi is the signer on the account. The account was opened on January 8, 2014. Prior to the aforementioned deposits, the account had a balance of \$131,875.77. The ending balance in the account as of August 31, 2018 was \$9,287.23. The following were some of the subsequent withdrawals as they relate to the CELTIC funds after the deposits of \$499,727.93 and \$2.4 million.<sup>19</sup>

- On September 10, 2017, check number 1400 was written to Baker & Hostetler law firm in the amount of \$499,727.93.<sup>20</sup>
- On September 14, 2017, cashier's check number 9571302392 was written to Baker & Hostetler law firm in the amount of \$10,000.<sup>21</sup>
- On September 17, 2017, check number 1401 was written to BENZEEVI in the amount of \$2.4 million.<sup>22</sup>

As mentioned before, the account had a balance of \$131,875.77 before the deposits of the \$499,727.93 and \$2.4 million CELTIC funds; therefore, the CELTIC funds were commingled in the account. In order to determine the specific use and balance of the commingled funds, the auditor applied the, "Lowest Intermediate Balance Rule (LIBR)" asset tracing methodology. LIBR presumes that the owner of the commingled bank account will preserve the illegitimate funds for the benefit of the victim(s); therefore, the owner will use their own funds first before using the illegitimate funds. See Table 2 below in determining the use and the balance of commingled funds in the account.

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<sup>18</sup> Exhibit 13: Schedules- Flow of \$3 Million Celtic Funds.

<sup>19</sup> Exhibit 13: Schedules- Flow of \$3 Million Celtic Funds.

<sup>20</sup> Exhibit 14: Check #1400- Baker & Hostetler.

<sup>21</sup> Exhibit 15: Check #9571302392- Baker & Hostetler.

<sup>22</sup> Exhibit 16: Check #1401- Yorai Benzecvi.

**Table 2: LIBR Asset Tracing**

Date	Description	Deposit	Withdrawal	CELTIC Funds Balance	NonCELTIC Funds Balance	Total Balance
09/01/2017	Account Balance				131,875.77	131,875.77
09/11/2017	Transfer from TAM Acct 5915	499,727.93		499,727.93	131,875.77	631,603.70
09/13/2017	Transfer from TAM Acct 5915	2,400,000.00		2,899,727.93	131,875.77	3,031,603.70
09/13/2017	Baker & Hostetler- Ck #1400		499,727.93	2,531,875.77	-	2,531,875.77
09/14/2017	Baker & Hostetler- Ck #9571302392		10,000.00	2,521,875.77		2,521,875.77
09/18/2017	Yorai Benzeevi- Ck #1401		2,400,000.00	121,875.77		121,875.77
08/31/2018	Ending Balance	2,565,453.93	2,678,042.47	9,287.23		9,287.23

The balance of \$9,287.23 in the account as of August 31, 2018 are CELTIC funds since the amount is less than the CELTIC funds balance as of September 18, 2017. In addition, \$367,852.16 (499,727.93 minus 131,875.77) of the \$499,727.23 check that was written to Baker and Hostetler on September 13, 2017 was part of the CELTIC funds.

**CHASE Bank- Account Number [REDACTED] 83432**

On September 18, 2017, \$2.4 million was deposited into BENZEEVI'S CHASE bank account number 4292283432 held at CHASE Bank.<sup>23</sup> The deposit was a check (#1401) written from HCCA CHASE bank account number 550578699 held at CHASE Bank. The account is a Chase Premier Checking account and Yorai Benny Benzeevi and Amy Benzeevi are the signers on the account. The account was opened on August 19, 2002. Prior to the aforementioned deposit, the account had a balance of \$2,454,432.17. See Exhibit 13: Schedules- Flow of \$3 Million Celtic Funds for the subsequent withdrawals after the \$2.4 million deposit. As of August 31, 2018, the account balance was \$937,938.89.

As mentioned before, the account had a balance of \$2,454,432.17 before the deposits of the \$2.4 million CELTIC funds; therefore, the CELTIC funds were commingled in the account. In order to determine the specific use and balance of the commingled funds, the auditor applied the, "Lowest Intermediate Balance Rule (LIBR)" asset tracing methodology. LIBR presumes that the owner of the commingled bank account will preserve the illegitimate funds for the benefit of the victim(s); therefore, the owner will use their own funds first before using the illegitimate funds. See Table 3 below in determining the use and the balance of commingled funds in the account.

<sup>23</sup> Exhibit 13: Schedules- Flow of \$3 Million Celtic Funds.



**Table 3: LIBR Asset Tracing**

Date	Description	Deposit	Withdrawal	CELTIC Funds Balance	NonCELTIC Funds Balance	Total Balance
09/15/2017	Account Balance				2,454,432.17	2,454,432.17
09/18/2017	HCCA Acct 8699- Check #1401	2,400,000.00		2,400,000.00	2,454,432.17	4,854,432.17
08/31/2018	Ending Balance	830,269.25	4,746,762.53	937,938.89		937,938.89

The balance of \$937,938.89 in the account as of August 31, 2018 are CELTIC funds since the amount is less than the CELTIC funds balance as of September 18, 2017. In addition, \$367,852.16 (499,727.93 minus 131,875.77) of the \$499,727.23 check that was written to Baker and Hostetler on September 13, 2017 was part of the CELTIC funds.

## **VI. Conclusion**

This report reflects how TAM received \$3 million from CELTIC via wire transfer and subsequently transferred those funds to other bank accounts controlled by Yorai "Benny" BENZEEVI with the exception of \$133,526.38. The report also demonstrates that it was communicated to CELTIC that the \$3 million would be used for cash reserves for TRMC and to retire existing TRMC revenue bond debt. In addition, CELTIC was informed by TRMC representatives to send the \$3 million to the TAM bank account in which CELTIC believed was owned by TRMC based on communication with TRMC representatives.

The information in this report is corroborated by the documentary evidence as described herein.

This investigation is still ongoing.

## **VII. Exhibits**

Exhibit 1: Email- FW: Tulare Regional Medical Center - Purchase Leaseback.

Exhibit 2: Email- RE: Tulare Regional Medical Center - Purchase Leaseback.

Exhibit 3: Copy of \$30,000 Check.

Exhibit 4: Email- RE: Celtic Commercial Finance- HFMA (Equipment List).

Exhibit 5: Celtic Commercial Finance Approval Letter.

Exhibit 6: Lease Schedule No. 3826A01.

Exhibit 7: Master Lease Agreement No. CML-3826A.

Exhibit 8: Purchase/Leaseback Agreement and Bill of Sale.

Exhibit 9: Acceptance Certificate.

**Exhibit 10: Organization Certificate.**

**Exhibit 11: Email- RE: wire information.**

**Exhibit 12: Wire Detail Report.**

**Exhibit 13: Schedules- Flow of \$3 Million Celtic Funds.**

**Exhibit 14: Check #1400- Baker & Hostetler.**

**Exhibit 15: Check #9571302392- Baker & Hostetler.**

**Exhibit 16: Check #1401- Yorai Benzeevi.**

**Exhibit 17: Summary Chart- Flow of \$3 Million Celtic Funds.**



# Exhibit 1

**Darrell Early**

---

**From:** Timothy Ong  
**Sent:** Tuesday, August 08, 2017 1:27 PM  
**To:** Dane Zupon; Katie Larson; Skylar Crane; Michael Purcell  
**Subject:** FW: Tulare Regional Medical Center - Purchase Leaseback  
**Attachments:** Credit Application.xls; 8 8 17 Signed LOI - Celtic Commercial Finance.pdf  
  
**Importance:** High

Lady and Gents,

Please see the attached signed LOI. As indicated below, they are currently only looking to get the approval for the \$10MM PLB. As mentioned, it's extremely time sensitive due to the fact he's dangling \$12MM in new business in front of us as the carrot.

Can we please process immediately? Skylar will have credit the PLB invoices and payment support in a couple minutes. We've also already started the LBS to turn this around.

Thank you guys,

**Timothy Ong, CLFP**

Vice President

**CELTIC COMMERCIAL FINANCE**

a wholly owned subsidiary of MB Financial Bank, N.A.

4 Park Plaza Ste 300 | Irvine, CA 92614

t: 949.471.1061 | f: 949.263.1331

e: [Tong@celticfinance.com](mailto:Tong@celticfinance.com) | w: [www.celticfinance.com](http://www.celticfinance.com)



---

**From:** Alan Germany [mailto:[agermany@teamhcca.com](mailto:agermany@teamhcca.com)]

**Sent:** Tuesday, August 08, 2017 1:08 PM

**To:** Skylar Crane; Timothy Ong

**Subject:** Tulare Regional Medical Center - Purchase Leaseback

**Importance:** High

Attached is the signed letter of intent. As you can see, I specified that this is for the \$10 MM Purchase Leaseback only at this time. I would like to sit down with you and my Radiology Director to discuss the new imaging equipment at some point in the future (after the \$10 MM transaction is wrapped up). As I indicated, that won't be going through for at least a couple of months so I do not want to slow down this Purchase Leaseback transaction with the new equipment financing. (He and I were talking yesterday and he reminded me that our current Cath Lab is end of life so we will need another Cath Lab as well, which was not factored in when I calculated the \$12 million in new equipment.)

I am having the \$30,000 overnighted to your address in Irvine now. We will send a copy of the check to you today.

Tax ID: 94-6002897

We are not exempt from sales tax.

You also had posed a question about the building and/or mortgage. All of the properties that we have are owned free and clear, without mortgages or liens. However, it is my understanding that the collateral for this transaction is equipment, not buildings.

I am the signer and attester in my function as CFO and COO.

Also attached is the bank and trade reference sheet as requested.

As discussed, it is my expectation that the \$3 MM will be remitted within the next 24 hours and the other \$7 MM within 3-5 business days (as you indicated).

Thanks, Alan

Exhibit 1

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This e-mail is a confidential transmission. Information contained herein is confidential and/or proprietary and is for the intended recipient only. It may not be distributed to any other party in any manner without the prior written consent of the sender. If you are not the intended recipient, you are directed not to read, disclose, distribute or otherwise use this transmission. If you have received this email in error, please notify the sender immediately and delete the transmission. Delivery of this message is not intended to waive any applicable privileges.

# Exhibit 1

## STANDARD APPLICATION FOR CREDIT



**Tulare Regional  
Medical Center**

Operated by **Healthcare Conglomerate Associates**

Legal Name: TULARE LOCAL HEALTHCARE DISTRICT

DBA: TULARE REGIONAL MEDICAL CENTER

Business Address: 869 N. CHERRY STREET, TULARE, CA 93274

Business Phone: 559-688-0821

Web Address: www.teamhcca.com

Billing Address: 869 N. CHERRY STREET, TULARE, CA 93274

Billing Contact Person: AP TEAM

Email Address: DLACCTSPAYABLE@TEAMHCCA.COM

Type Of Ownership: LOCAL GOVERNMENT

Years In Business: SINCE 1951

Tax ID Number: 94-6002897

Parent Company or Subsidiaries: NONE

Owners and/or Officers

LINDA WILBOURN, BOARD PRESIDENT

ALAN GERMANY, CFO/COO

### Bank Reference

Bank/Financial Institution: BANK OF THE SIERRA

Contact Person: JOHN THOMAS

Phone: 559-684-3227

Email: JTHOMAS@BANKOFTHESIERRA.COM

Account Number: xxxxxx0770

### Business & Professional References

Roche Oil Inc.

P.O. Box 89, Tulare, CA 93275

559-686-5837

CDW Government

75 Remittance Drive, Chicago, IL 60675-1515

847.419.6176

Medflow, PC

3500 W. Olive Ave., Suite 300, Burbank, CA 91505

Res-Com Pest Control

P.O. BOX 180, TULARE, CA 93275-0180

559-685-8989

I certify that the information provided in this application is true and correct. I hereby authorize the above cited references to supply information as may be requested to determine our credit capabilities.

DELBERT BRYANT, CONTROLLER

Signature: Delbert Bryant

# Exhibit 1



CELTIC  
COMMERCIAL  
FINANCE\*

Letter of Intent

For

Tulare Regional Medical Center

# Exhibit 1



CELTIC  
COMMERCIAL  
FINANCE

Master Lease Line  
Fulare Regional Medical Center

Know who you are doing business with.

Celtic Commercial Finance is a wholly-owned subsidiary of MB Financial Bank, N.A. With over \$19 Billion in assets, MB Financial, Inc. (NASDAQ: MBFI) is the Chicago-based holding company for MB Financial Bank.

Customer-driven solutions. Personal attention.

For over 100 years, MB has been helping our customers grow, manage and protect their financial assets. Our branches and employees are in the communities we serve, which empowers us to provide professional banking solutions to privately held, middle-market businesses with personal attention and quick turnaround times.

We have what you need

We offer a wide array of commercial and personal banking products and services as well as trust, private banking and investments through our wealth management division. MB is also among a small number of banks that works closely with leasing companies to provide debt, equity and bridge financing.

Discover what Celtic can do for your business.

Since 1990, Celtic Commercial Finance has been dedicated to creating smart equipment leasing solutions throughout the country. Our core values of flexibility, service, and partnership ensure our focus is on providing the leasing solutions that are tailored to fit your individual needs. To that end, we provide a single point of contact to oversee the lease from inception to completion. With over two successful decades in the leasing industry, The Personal Side of Business—that's what sets us apart.

As a full-service equipment lessor specializing in middle market transactions, we believe that building strong relationships with our clients is the cornerstone of our success. Our goal is to become your long-term business partner, cultivating a mutually beneficial, lasting relationship. Celtic's leasing process involves understanding your business goals, creating a solution and following through to achieve the desired result. Our comprehensive equipment leasing and financing programs feature multiple options to ensure that you get the lease that is right for you.

#### Key Personnel

Timothy Ong, Vice President

[tong@celticfinance.com](mailto:tong@celticfinance.com)

(949) 263-3880, ext. 1061

Skylar Crane, National Account Manager

[scrane@celticfinance.com](mailto:scrane@celticfinance.com)

(949) 263-3880, ext. 1031

Our Goal is to provide service that exceeds your expectations.

At Celtic Commercial Finance our mission is to deliver competitive leasing solutions while also maintaining the highest possible level of customer service. *We do this by:*

- Focusing on building long-term mutually beneficial relationships with all of our business partners;
- Increasing our understanding of each customer's individual business needs;
- Continually assessing our performance in order to stay at the cutting edge of equipment leasing;
- Taking the time to listen to our customers and when necessary, implementing change.

# Exhibit 1



CELTIC  
COMMERCIAL  
FINANCE

Master Lease Line  
Tulare Regional Medical Center

August 8, 2017

Mr. Alan Germany  
Chief Financial Officer  
Tulare Local Health Care District dba  
Tulare Regional Medical Center  
869 North Cherry St.  
Tulare, CA 93274

Thank you for the opportunity to provide the following Lease Proposal. It is our understanding that we have proposed a leasing arrangement that may be acceptable to Tulare Local Health Care District ("Lessee"), summarized as follows:

## Master Lease Line of Credit - \$22,000,000.00

### PURCHASE LEASEBACK

EQUIP. DISCRIPTION : Existing Radiology, Robotics, and related Medical Equipment  
APPROX. EQUIP. COST : \$10,000,000.00  
REIMBURSEMENT PERIOD : Mid August 2017 -- Mid September 2017  
LEASE SCHEDULE SIZES : \$2,000,000.00 Min.  
BASE TERM : Three (3) Years  
LEASE RATE FACTOR : 0.027342  
MONTHLY RENT : \$27,342.00  
(Lease Rate Factor x \$1,000,000.00)  
END OF TERM : 10% Purchase Option

### NEW MEDICAL EQUIPMENT

EQUIP. DISCRIPTION : Imaging and Related Medical Equipment  
APPROX. EQUIP. COST : \$12,000,000.00  
UTILIZATION PERIOD : Mid August 2017 -- Mid August 2018  
LEASE SCHEDULE SIZES : \$2,000,000.00 Min.  
BASE TERM : Five (5) Years  
LEASE RATE FACTOR : 0.017149  
MONTHLY RENT : \$17,149.00  
(Lease Rate Factor x \$1,000,000.00)  
END OF TERM : 10% Purchase Option

# Exhibit 1



CELTIC  
COMMERCIAL  
FINANCE

Master Lease Line  
Tulare Regional Medical Center

## ADVANCED PAYMENTS AND/OR DEPOSITS

: It is noted that Lessor may make progress payments on behalf of Lessee and as such, Lessor has agreed to provide billing arrangements to accommodate Lessee's desired deliveries. Lessor shall bill Lessee each month a daily rental charge based on one thirtieth (1/30) of the monthly Lease Rate Factor for each progress payment, plus applicable sales/use taxes, if any. Lessor shall provide this billing accommodation to Lessee until the final item of Leased Equipment is delivered and installed, the date by which the final item of leased Equipment has been delivered and installed and paid for by Lessor shall serve as the Final Commencement Date ("FCID"), for the Lease Schedule as further defined in Section 3., of the Celtic Master Lease.

## RATE PROTECTION

: The lease rate factor shall remain FIXED during the base term of the lease. Prior to funding, the lease rate factor shall be subject to a one-time adjustment to reflect any change in similar term Interest Rate Swaps Note yields as reflected under the USD Rates 1100 tab on the InterContinental Exchange website <https://www.theice.com/marketdata/reports/180>. For each 10 basis point change in said Interest Rate Swaps, the lease rate factor shall be subject to an adjustment of 0.000045.

## DEPOSIT

: Lessee shall provide Lessor with a deposit equal to \$30,000.00. Upon approval of this proposal by Celtic's finance dep't., the deposit shall be applied ratably to each subject Lease Schedule(s) and the balance of one month's Rent to be billed with Lease Documents. If the transaction is not approved by Celtic as proposed herein, then this deposit shall be refundable in full.

## ACCOUNT MANAGEMENT

: Your points of contact will be Skylar Crane and Tim Ong. After receipt of a Letter of Intent from Lessee, a schedule will be opened. Skylar and Tim will coordinate with a designated funder and documentation specialist to issue purchase orders to the various vendors after receipt of a quotation from the vendor and verification from the Lessee of the accuracy of the quotation. After receipt of the invoice, Lessor will forward to Lessee the Acceptance Certificate along with a copy of the original vendor quotation, Lessor's purchase order, and the vendor invoice. Upon receipt of signed Acceptance Certificate from Lessee, Lessor will pay the vendor. All of the documents can be sent electronically via e-mail upon Lessee's request.

## VENDOR PAYMENTS

: The Equipment on the Lease Schedule(s) may be delivered and installed over several months. **Tulare Regional Medical Center** may request that Celtic Leasing Corp advance deposits, progress payments, etc. to the vendor(s).

## UCC-FILING FEES

: Approximately \$150.00 per Lease Schedule.

## ADMINISTRATION FEES

: None.

## NON-UTILIZATION FEES

: None.

# Exhibit 1



CELTIC  
COMMERCIAL  
FINANCE

Master Lease Line  
Tulare Regional Medical Center

**COVENANTS** : None.

**DOCUMENTATION** : Lessor's standard documentation as required by Lessor's legal department. If necessary, the requirements shall be negotiated in good faith by Celtic Commercial Finance and Lessee.

**ACCEPTANCE** : This proposal and each Lease Schedule prepared as a result hereof are subject to approval and acceptance by Celtic's finance department.

**INTENT OF LESSEE** : Lessee hereby agrees to lease the equipment covered hereunder through Celtic Leasing subject to the terms and conditions set forth herein.

Alan, in order for us to expedite our processing of this transaction, please have the below listed items forwarded to my attention via email.

1. Signed copy of this letter; and
2. Good Faith Deposit of \$30,000.00 as described above.

Thank you for the opportunity to assist you with your leasing requests. In order to apply for credit, please sign below to confirm your offer to us of the transaction proposed herein and to authorize Celtic Commercial Finance, its affiliates, assignees and nominees to gather any and all credit or other information (including but not limited to bank references, financials, opinion of council, etc.) prudently deemed necessary or desirable for use in our analysis and processing of said transaction or any future requested transactions. You further agree to assist us in obtaining any such prudently requested information.

Upon approval by Celtic of this transaction, Lessee hereby agrees and does hereby appoint Celtic its true and lawful attorney in-fact to prepare UCC's, and authorizes Celtic to cause the UCC's to be filed or recorded at Lessee's expense in order to protect Celtic's interest in the related equipment, and grants Celtic the right to execute and deliver such UCC's for and on behalf of Lessee. Further, to assist the federal government during the processing of the transaction contemplated herein, Lessor may require additional information of all owners in order to comply with Federal Government OFAC guidelines. Finally, to help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each customer. What this means for you: When you apply for financing we will ask for your legal name, physical address, tax ID number and other information that will allow us to identify your business and its owners. We may also ask to see identifying documents.

Please feel free to contact me directly at 949-471-1031 ext. or Tim 949-471-1061.

Sincerely,

READ, ACKNOWLEDGED & AGREED TO:

CELTIC LEASING CORP.

TULARE LOCAL HEALTH CARE DISTRICT

Skylar Crane  
National Account Manager

Timothy Ong  
Vice President

By : [Signature]  
Name : Alan Germany  
Title : CEO/COO Date: 8/8/17

Agreed to for the \$10,000,000  
purchase Leaseback only at  
this time.



# Exhibit 2

## Darrell Early

---

**From:** Alan Germany <agermany@teamhcca.com>  
**Sent:** Tuesday, August 08, 2017 3:34 PM  
**To:** Timothy Ong; Skylar Crane  
**Subject:** RE: Tulare Regional Medical Center - Purchase Leaseback  
**Attachments:** 8 8 17 Celtic Check.pdf  
  
**Importance:** High

See attached for a copy of the \$30,000 check that is on its way to you via UPS (tracking number 1Z9852870190004474). How quickly can the \$3,000,000 funding be turned around to us? We also look to resolving swiftly the remaining \$7,000,000. Thanks, Alan

---

**From:** Timothy Ong [TOng@Celticfinance.com]  
**Sent:** Tuesday, August 08, 2017 1:55 PM  
**To:** Alan Germany; Skylar Crane  
**Subject:** RE: Tulare Regional Medical Center - Purchase Leaseback

Alan,

First and foremost, thank you for this great opportunity to earn your business! We're truly excited to start off with this first \$10MM.

Yes, let's make it a plan to sit down together with the Radiology Director to assess the upcoming needs. Are you going to be in the office next week?

Thank you,

**Timothy Ong, CLFP**

Vice President

**CELTIC COMMERCIAL FINANCE**

a wholly owned subsidiary of MB Financial Bank, N.A.

4 Park Plaza Ste 300 | Irvine, CA 92614

t: 949.471.1061 | f: 949.263.1331

e: [Tong@celticfinance.com](mailto:Tong@celticfinance.com) | w: [www.celticfinance.com](http://www.celticfinance.com)



CELTIC  
COMMERCIAL  
FINANCE



---

**From:** Alan Germany [mailto:agermany@teamhcca.com]  
**Sent:** Tuesday, August 08, 2017 1:08 PM  
**To:** Skylar Crane; Timothy Ong  
**Subject:** Tulare Regional Medical Center - Purchase Leaseback  
**Importance:** High

Attached is the signed letter of intent. As you can see, I specified that this is for the \$10 MM Purchase Leaseback only at this time. I would like to sit down with you and my Radiology Director to discuss the new imaging equipment at some point in the future (after the \$10 MM transaction is wrapped up). As I indicated, that won't be going through for at least a couple of months so I do not want to slow down this Purchase Leaseback transaction with the new equipment

## Exhibit 2

financing. (He and I were talking yesterday and he reminded me that our current Cath Lab is end of life so we will need another Cath Lab as well, which was not factored in when I calculated the \$12 million in new equipment.)

I am having the \$30,000 overnighted to your address in Irvine now. We will send a copy of the check to you today.

Tax ID: 94-6002897

We are not exempt from sales tax.

You also had posed a question about the building and/or mortgage. All of the properties that we have are owned free and clear, without mortgages or liens. However, it is my understanding that the collateral for this transaction is equipment, not buildings.

I am the signer and attester in my function as CFO and COO.

Also attached is the bank and trade reference sheet as requested.

As discussed, it is my expectation that the \$3 MM will be remitted within the next 24 hours and the other \$7 MM within 3-5 business days (as you indicated).

Thanks, Alan

---

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THIS CHECK IS VOID WITHOUT A COLORED BORDER AND BACKGROUND BLUE AGENCY \* FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



Tulare Regional Medical Center

869 N. Cherry St.  
Tulare, CA 93274

**Bank of the Sierra**  
**1430 East Prosperity Avenue**  
**Tulare, CA 93274**

121137027

**Aug 8, 2017**

**047852**

DATE \_\_\_\_\_

CHECK NO.

Pay Thirty Thousand Dollars And 00 Cents

**\$30,000.00**

to the Order of:

**CELTIC COMMERCIAL FINANCE**  
**4 PARK PLAZA, SUITE 300**  
**IRVINE, CA 92614**

VOC

*Bans*

№04785211211370271: 202024157011

Tulare Regional Medical C		Vendor	Vendor ID	Payment Number	Date	Check Number
		CELTIC COMMERCIAL FINANCE	4138	0012695	08/08/2017	047852
Voucher Num	Invoice Number	Invoice Date	Description	Net Paid Amt	Discount Taken	Net Check Amt
0023324	3000000-080817	08/08/2017		\$30,000.00	\$0.00	\$30,000.00

**TOTALS:**

\$30,000.00	\$0.00	\$30,000.00
-------------	--------	-------------

<b>Tulare Regional Medical C</b>	<b>Vendor</b>	<b>Vendor ID</b>	<b>Payment Number</b>	<b>Date</b>	<b>Check Number</b>	
	CELTIC COMMERCIAL FINANCE	4138	0012695	08/08/2017	047852	
<b>Voucher Num</b>	<b>Invoice Number</b>	<b>Invoice Date</b>	<b>Description</b>	<b>Net Paid Amt</b>	<b>Discount Taken</b>	<b>Net Check Amt</b>
0023324	3000000-080817	08/08/2017		\$30,000.00	\$0.00	\$30,000.00

**TOTALS:**

\$30,800.00	\$0.00	\$30,000.00
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# Exhibit 4

## Darrell Early

---

**From:** Alan Germany <agermany@teamhcca.com>  
**Sent:** Friday, August 04, 2017 1:20 PM  
**To:** Skylar Crane  
**Cc:** Timothy Ong; Mark El-Hinn  
**Subject:** RE: Celtic Commercial Finance- HFMA (Equipment List)  
**Attachments:** image001.gif; image002.png; image003.png; image004.png; image005.png

Skylar:

Last October TRMC converted to the Cerner Information System. On the inpatient side, we had Siemens MS4 previously and NextGen on the outpatient side. After the conversion, there was a 4 month gap until claims started being released again. We had engaged an experienced project manager to oversee the entire project, as well as an experienced Revenue Cycle project manager. I had even brought on a CIO a year or so prior to the conversion who had most recently worked at Cerner and previously at Siemens. With all of that said, I did not follow Cerner's advice to have a working capital line in place at the time of the conversion. Our cash collections from patient accounting have declined 24% post-conversion as compared to pre-conversion. That equates to a cumulative total of \$9MM. Adding on top of that, we incurred about \$9.4 MM in conversion costs (including \$3.3 MM for the actual Cerner license).

As a separate matter, in October 2014, the General Obligation bond proceeds were exhausted which has caused me to have to fund the continuing patient Tower construction out of hospital operations. That has totaled about \$8 MM cumulative as of this point.

We do not plan to use the funds for acquisitions or future sites. The anticipated new funding will go towards replenishing cash reserves due to the \$26.4 MM expenditures outlined above. We also may use a portion of the proceeds to retire the existing revenue bonds, which currently total \$13.6 MM.

Let me know if you would like further explanation or rationale.

Thanks, Alan

---

**From:** Skylar Crane [SCrane@Celticfinance.com]  
**Sent:** Friday, August 04, 2017 10:41 AM  
**To:** Alan Germany  
**Cc:** Timothy Ong; Mark El-Hinn  
**Subject:** RE: Celtic Commercial Finance- HFMA (Equipment List)

Alan,

Thanks again for your time yesterday going through the details/timing.

Per your last convo with Mark, our guys wanted it in your own words why you are going through this reimbursement/funding process now.

We understand you spent a lot on the recent EHR/other projects, but it helps us to understand the motivation for raising cash.

For example, are going to use it for acquisitions, future sites, etc.?

Thanks in advance for your explanation.

# Exhibit 4

Regards,  
Skylar

From: Alan Germany [mailto:agermany@teamhcca.com]  
Sent: Thursday, August 03, 2017 11:57 AM  
To: Mark El-Hinn; Skylar Crane  
Cc: Timothy Ong  
Subject: RE: Celtic Commercial Finance- HFMA (Equipment List)

Thank you, Mark. My cell will be the best way to reach me: (520) 488-7315. Thanks, Alan

---

From: Mark El-Hinn [MElHinn@Celticfinance.com]  
Sent: Thursday, August 03, 2017 11:52 AM  
To: Alan Germany; Skylar Crane  
Cc: Timothy Ong  
Subject: RE: Celtic Commercial Finance- HFMA (Equipment List) Alan,

That works for us. We will put that on our outlook calendars and give you a call.

Thanks,

Mark

Sent with Good (www.good.com<<http://www.good.com>>)

---

From: Alan Germany  
Sent: Thursday, August 03, 2017 1:50:33 PM  
To: Mark El-Hinn; Skylar Crane  
Cc: Timothy Ong  
Subject: RE: Celtic Commercial Finance- HFMA (Equipment List) How does 1:30 p.m. today look for your calendar?

---

From: Mark El-Hinn [MElHinn@Celticfinance.com]  
Sent: Thursday, August 03, 2017 10:59 AM  
To: Alan Germany; Skylar Crane  
Cc: Timothy Ong  
Subject: RE: Celtic Commercial Finance- HFMA (Equipment List) Alan,

Thank you for sending this over. We have more availability for you if need be, but we will be jumping on this right away.

When do you have some time today or tomorrow to discuss how you want to get reimbursed on this and if there are any other details we need to add to your Letter of Intent?

# Exhibit 5



CELTIC  
COMMERCIAL  
FINANCE

4 Park Plaza, Suite 300  
Irvine, CA 92614

TEL: 949.263.3880  
FAX: 949.263.1331

info@celticleasing.com  
www.celticleasing.com

August 22, 2017

Mr. Alan W. Germany  
CFO/COO  
Tulare Local Health Care District  
869 N. Cherry Street  
Tulare, CA 93274

RE: Lease Schedule(s) No. 3826A01 to  
Celtic Master Lease No. CML-3826A

Dear Mr. Germany:

This letter shall serve as formal notification that the above referenced transaction has been approved as set forth herein and in the paperwork enclosed as follows:

- 1) Master Lease No. CML-3826A;
- 2) Organization Certificate (of Lessee);
- 3) Lease Schedule No. 3826A01;
- 4) Addendum "A" to Lease Schedule No. 3826A01;
- 5) Opinion of Counsel (please forward to your counsel for execution);
- 6) Letter Agreement acknowledging Lessee Owns Property;
- 7) Insurance Authorization form;
- 8) Auto Debit Authorization (optional); and
- 9) Purchase/Leaseback Agreement and Bill of Sale (forthcoming upon receipt of all Lessee's payment support).

In addition to having the above listed items duly completed and returned, please also note the following:

- A) In consideration of Celtic approving and subsequently funding this Transaction, Lessee and Celtic mutually agree that the Final Commencement Date, as that term is more fully described in Paragraph 3. TERM of the Master Lease, shall be the date that Lessor or its Assignee reimburses Lessee.
- B) The Monthly Rent reflected in the enclosed documents reflects a total Equipment cost to Lessor not to exceed \$3,000,000.00. However, the terms and conditions of this approval also assume a minimum Equipment cost of \$2,700,000.00. In the event that this minimum Equipment Cost is not achieved, please be advised that Celtic reserves the right to make economic adjustments to the Transaction.
- C) This approval is subject to a satisfactory physical inspection of the Equipment under Lease Schedule No. 3826A01 prior to funding. The inspection will be conducted upon Lessee's confirmation that all the equipment has been delivered and installed.

**Tulare Local Health Care District**

August 22, 2017

Page 2

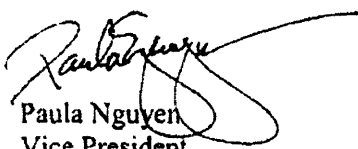
- D) Please note that we are relying on Tulare Local Health Care District to properly handle all applicable sales/use tax directly with the appropriate authorities for this transaction.
- E) Please provide all the appropriate payment support for payments made directly to the subject vendor(s) relating to the subject equipment.
- F) If applicable, provide us with proper sales/use tax exemption documentation--otherwise, a lump sum sales tax charge will need to be paid upfront and/or added to the lease stream, as applicable.

This approval and related funding(s) may, at Lessor's sole discretion, be subject to: no adverse material changes in the financial condition of Lessee or Guarantor(s), if any; approval of the subject equipment and related vendors; a UCC Search and obtainment of any UCC Releases or Subordinations required as a result thereof; obtainment of acceptable Certificates of Insurance; final legal review and approval of the subject documentation; and rent adjustment to reflect any increase in 3 year interest rate swaps from the date of this letter through the day of final funding by Lessor or our assignee. Please note that the approval as set forth herein and in the enclosed paperwork is the entire agreement between the parties with respect to the subject equipment and shall supersede any and all prior proposals, negotiations and/or other communications, oral or written, including but not limited to the Lessee Acknowledgment of Intent letter dated 8/8/17 and executed by Tulare Local Health Care District on 8/8/17. It is our understanding that funding of Lease Schedule No. 3826A01 is expected to be imminent. Should the funding of the Transaction be delayed, an update of this approval may be required.

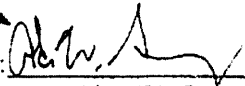
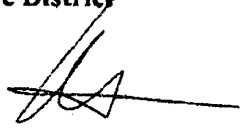
Thank you for your business and please don't hesitate to call the undersigned or your account representatives, Skylar Crane or Tim Ong, if you have any questions or comments.

Sincerely,

CELTIC LEASING CORP.

  
Paula Nguyen  
Vice President

READ, ACKNOWLEDGED, AND AGREED:  
Tulare Local Health Care District

By:    
Name: Alan W. Germany / BENNY BENZEEVI, MD  
Title: CFO/COO Date: 8/23/17

MJP/pn

Exhibit 6

**CELTIC**

**LEASE SCHEDULE No. 3826A01**  
**CELTIC LEASING CORP. — Lessor**

ANNEXED TO AND MADE A PART OF MASTER  
LEASE NO. CML-3826A DATED 08/24/17

4 PARK PLAZA, SUITE 300, IRVINE, CALIFORNIA 92614 • (949) 263-3880 • FAX: (949) 263-1331

**Lessee : Tulare Local Health Care District**

Corporate

Address : 869 North Cherry St., Tulare, CA 93274

Contact : Alan W. Germany

Title: CFO/COO

Phone No. 859-688-5235

Equipment

Location : Same As Above

Contact : Alan W. Germany

Title: CFO/COO

Phone No. 859-688-5235

This Schedule is issued pursuant to the Master Lease referenced above between Lessee and Lessor. All of the terms and conditions of the Master Lease are incorporated herein and made a part hereof as if such terms and conditions were set forth in this Schedule. By their execution and delivery of this Schedule, the parties hereby reaffirm all of the terms and conditions of the Master Lease. In the event Lessee returns the Equipment subject to this Schedule in accordance with the terms of the Master Lease, Lessee shall pay to Lessor a restocking fee equal to seven percent of the original Equipment cost.

Equipment Leased:

ITEM	QTY	SERIAL NO.	DESCRIPTION
------	-----	------------	-------------

VENDOR(S): to be determined

1.-? various

Items of Equipment expected to include: miscellaneous medical equipment, and/or other related and/or accessory property. Items 1. and on shall be enumerated and described in further detail, including location and vendor name, at a later date on the related applicable Acceptance Certificate(s).

NOTE: Equipment cost to Lessor not to exceed: \$3,000,000.00

MONTHLY RENT	BASE TERM IN MONTHS	DEPOSIT APPLIED TO LAST BILLING CYCLE	BILLING CYCLE	FINAL COMMENCEMENT DATE
\$82,026.00 (PLUS APPLICABLE TAXES)	36	ONE MONTH'S RENT	<input checked="" type="checkbox"/> MONTHLY <input type="checkbox"/> QUARTERLY <input type="checkbox"/> BIANNUALLY <input type="checkbox"/> ANNUALLY	August 31, 2017

By execution hereof, the parties hereby reaffirm their acknowledgment and agreement that no modification to this Lease shall be effective unless in writing and signed by Lessee and an authorized officer of Lessor.

**OFFER**

**ACCEPTANCE**

Lessee: Tulare Local Health Care District

Signature: [Signature]

Name: Alan W. Germany

Title: CFO/COO

Date: 8/23/17

BENNY BENZEEVI, MD  
CEO

Lessor: CELTIC LEASING CORP.

Signature: [Signature]

Name: Michael J. Purcell

Title: Executive Vice President

Date: 08/24/17



Exhibit 7



CELTIC LEASING®

MASTER LEASE Number **CML- 3826A**  
**CELTIC LEASING CORP. - Lessor**  
 4 Park Plaza, Suite 300 • Irvine, CA 92614  
 866.323.5842 • 949.263.3880 • Fax: 949.263.1331

Lessee: **Tulare Local Health Care District**

Address: **869 North Cherry St., Tulare, CA 93274**

This is a **MASTER LEASE AGREEMENT** (herein called "Lease"). Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the items of tangible and/or intangible property (collectively called "Equipment" and individually called "Item") described on any Lease Schedule(s) ("Schedule") now or in the future annexed hereto and made a part hereof, subject to the terms and conditions set forth herein. Each Schedule annexed hereto incorporates the terms of this Lease and is independent and enforceable as a separate transaction.

**1. QUIET ENJOYMENT:** So long as Lessee is not in default hereunder, Lessor shall not disturb Lessee's quiet enjoyment of the Equipment, subject to the terms and conditions of this Lease.

**2. NO WARRANTIES AND UNIFORM COMMERCIAL CODE ACKNOWLEDGMENT:** Lessee acknowledges that Lessor is not the manufacturer, vendor, developer, distributor, publisher or licensor (for purposes of this Lease, all of which are called "Manufacturer", both collectively and individually) of the Equipment. Lessee further acknowledges and agrees that **LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, FITNESS FOR ANY PURPOSE, CONDITION, DESIGN, CAPACITY, SUITABILITY OR PERFORMANCE OF ANY OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT THERETO, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS".** LESSEE FURTHER REPRESENTS THAT ALL ITEMS OF EQUIPMENT ARE OF A SIZE, DESIGN AND CAPACITY SELECTED BY IT, AND THAT IT IS SATISFIED THE SAME IS SUITABLE FOR LESSEE'S PURPOSES. Lessor assigns to Lessee any and all Manufacturer warranties, to the extent assignable, for the term of the Lease. Lessor shall have no liability to Lessee or anyone claiming through Lessee for the breach of any such warranty or for any claim, loss, damage or expense of any kind or nature resulting, directly or indirectly, from the delivery, installation, use, operation, performance, or lack or inadequacy thereof, of any Items of Equipment. This Lease is a "Finance Lease" as defined in, and for the purpose only of Division 10 of the California Commercial Code and not necessarily for any accounting purpose or otherwise. Lessee acknowledges that Lessor has informed or advised Lessee, either previously or by this Lease, of the following: (i) the identity of the "Supplier", (ii) that Lessee may have rights under the "Supply Contract", and (iii) that Lessee may contact the Supplier for a description of any such rights. (The terms "Finance Lease", "Supplier" and "Supply Contract" as used herein have the meanings ascribed to them under Division 10 of the California Commercial Code.)

**3. TERM:** The "Commencement Date" for each Item shall be the day that the Item has been delivered to and is usable by Lessee as evidenced by an Acceptance Certificate duly executed by Lessee or, in the absence thereof, the Manufacturer's delivery certification. The "Base Term" as indicated on any Schedule shall be the period beginning on the first day of the calendar month following the final Commencement Date ("Final Commencement Date") of the Schedule or, if the Final Commencement Date falls on the first day of a calendar month, then that day, and continuing for the number of months specified on the Schedule. This Lease with respect to any Schedule may be terminated as of the last day of the Base Term by either party giving the other party at least six months but not more than twelve months prior written notice of such termination. Otherwise, the "Term" (as defined below) with respect to any Schedule shall automatically be extended in successive one year intervals ["Extension Term(s)"] at the rental amount in effect as of the last billing cycle of the Base Term. Any such Schedule may be terminated as of the last day of any Extension Term by either party giving the other party at least six months, but not more than twelve months, prior written notice of such termination. Any termination notice given by Lessee shall stipulate whether Lessee chooses to purchase the Equipment or renew the Lease as provided in Section 6. Fair Market Value Purchase Option / Renewal Option, or return the Equipment as provided in Section 7. Return of Equipment. The "Term" of each individual Schedule is hereby defined as the period beginning on the first Commencement Date that occurs with respect to all Items subject to the Schedule and continuing through the Base Term and all Extension Terms, if any. Each Schedule now or in the future annexed hereto shall be deemed to incorporate therein these specific terms and conditions and shall have an independent Term.

**4. RENT:** The monthly rent as shown on each Schedule shall be due and payable by Lessee in the amount of the monthly rent multiplied by the number of months in the billing cycle indicated on the respective Schedule (one month in a monthly billing cycle, three in a quarterly cycle, six in a biannual cycle, etc.) on the first day of the Base Term and on the first day of each billing cycle thereafter, for the remainder of the Term. For Items having a Commencement Date prior to the first day of the Base Term, rent shall be due on a pro rata basis only in the amount of one-thirtieth of the Item's proportional monthly rent for each day from the Item's Commencement Date until, but not including, the first day of the Base Term and shall be payable by Lessee five days after receipt of invoice from Lessor. If any rental or other amounts payable hereunder are not paid within five days of their due date then Lessee shall pay to Lessor upon demand "Delinquency Charges" which shall equal interest compounded monthly at the rate of eighteen percent per annum (or the highest rate allowable by law whichever is less) on the delinquent balance from the date due until the date paid, plus a monthly administrative fee of five percent of the cumulative delinquent balance to offset Lessor's collection and accounting costs. Any deposit paid by Lessee to Lessor shall be refundable if the Schedule is not accepted by Lessor. **THIS IS A NET LEASE AND LESSEE'S OBLIGATION TO PAY ALL RENTAL CHARGES AND OTHER AMOUNTS DUE HEREUNDER SHALL BE ABSOLUTE AND UNCONDITIONAL UNDER ALL CIRCUMSTANCES AND SHALL NOT BE SUBJECT TO ANY ABATEMENT, DEFENSE, COUNTERCLAIM, SETOFF, RECOUPMENT OR REDUCTION FOR ANY REASON WHATSOEVER EXCEPT AS OTHERWISE PROVIDED HEREIN. IT BEING THE EXPRESS INTENT OF LESSOR AND LESSEE THAT ALL RENTAL AND OTHER AMOUNTS PAYABLE BY LESSEE HEREUNDER SHALL BE AND CONTINUE TO BE PAYABLE IN ALL EVENTS. LESSEE HEREBY WAIVES ALL RIGHTS IT MAY HAVE TO REJECT OR CANCEL THIS LEASE, TO REVOKE ACCEPTANCE OF ANY OF THE EQUIPMENT, AND/OR TO GRANT A SECURITY INTEREST IN ANY OF THE EQUIPMENT FOR ANY REASON EXCEPT AS REQUIRED HEREIN.**

**5. USE, MAINTENANCE AND LOCATION:** Lessee at its own expense shall properly use the Equipment, keep the Equipment in good working order, repair and condition, comply with all Manufacturer's instructions as to use and operation, and comply with all applicable laws, rules, regulations or orders of any governmental agency with respect to the use, operation, maintenance, care, storage, or location of the Equipment. During the Term, Lessee shall keep in force the best standard maintenance agreement with the Manufacturer, or such other qualified party including qualified self-maintenance by Lessee, as is reasonably acceptable to Lessor, that will ensure: the Equipment is maintained to all current engineering specifications; all repairs, adjustments and replacements are properly made; and all upgrades, enhancements and changes that are available from time to time from the Manufacturer are made to the Equipment. Lessee shall not relocate the Equipment

Initials:

# Exhibit 7

without Lessor's prior written consent. Lessee shall pay all costs associated with the delivery, installation, use, relocation, and Lessor's inspection of the Equipment. If Lessor requests, Lessee shall affix in a prominent place labels or tags to the Equipment stating that the Equipment is owned by Lessor. Lessee shall permit Lessor to inspect the Equipment from time to time as reasonably determined by Lessor.

**6. FAIR MARKET VALUE PURCHASE OPTION / RENEWAL OPTION:** Lessee may purchase, or renew this Lease for, all but not less than all of the Equipment subject to any Schedule, provided Lessee is not in default and upon proper written notification to Lessor, as of the expiration of the Term of said Schedule. In the event Lessee notifies Lessor it elects to purchase the Equipment, the purchase price shall be the "Fair Market Value" of the Equipment. For the purpose of this Lease, "Fair Market Value" is defined as the total cost(s) it would take to replace the Equipment on an in-place, installed basis, including all current cost(s) and expense(s) for the purchase, assembly, installation, delivery, freight, consulting, training, site preparation and any other services that would be required to render such Equipment fully installed, ready and acceptable for use by an end user as of the termination of the Term. If Lessor and Lessee can not agree on a purchase price then the purchase price shall be determined by the average of two Senior Appraisers accredited by the American Society of Appraisers, one chosen by Lessor and one by Lessee, both using the definition of Fair Market Value hereunder in determining their purchase price, the cost of which shall be borne by Lessee. In the event Lessee notifies Lessor it elects to renew, the renewal shall be based upon the Fair Market Value of the Equipment, the then prevailing market conditions, Lessee's credit worthiness and such other terms and conditions to be mutually agreed upon by Lessee and Lessor. If Lessee has properly elected to purchase or renew any given Schedule, but neither a Fair Market Value purchase price nor the terms and conditions of a renewal have been determined at least thirty days prior to the expiration of the Term, then the Term of the Schedule shall continue on a month to month basis at the rental that was in effect at the end of the Base Term, until such time that either a Fair Market Value purchase price or the terms and conditions of a renewal have been determined.

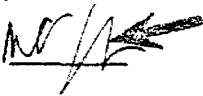
**7. RETURN OF EQUIPMENT:** If the Equipment is to be returned upon termination of the Term with respect to any Schedule or if for any other reason, Lessee shall immediately discontinue all use of the Equipment and at its own cost, de-install, pack and ship the Equipment to a location(s) within the United States, all in accordance with instructions provided by Lessor. In the case of Equipment which is software, Lessee will also certify in a written form acceptable to Lessor that: (i) all tangible software has been delivered to Lessor; (ii) all tangible records and intangible software have been destroyed; (iii) Lessee has not retained the software in any form; (iv) Lessee will not use the software after termination; and (v) Lessee has not received from Manufacturer anything of value relating to or in exchange for Lessee's use, rental, or possession of the software during the duration of the Lease (including a trade-in, substitution or upgrade allowance). Upon return of the Equipment, Lessee shall take all actions necessary to ensure that the Equipment will be eligible for the best standard Manufacturer Maintenance Contract and shall pay all fees, charges and expenses for maintenance certification or recertification by the Manufacturer and for all costs for repair or replacement of damaged Equipment. Until Lessee has complied with all of the requirements of this Section, rent payment obligations will continue on a month to month basis at the monthly rent delineated on the Schedule. Lessee shall allow Lessor to inspect, at Lessee's cost, all of Lessee's locations to ensure compliance hereunder.

**8. TITLE; PERSONAL PROPERTY:** Except as otherwise provided in this Lease or any Schedule, title to the Equipment shall remain in Lessor; Lessee shall at all times keep the Equipment free and clear of all liens, claims, levies, and legal processes, and shall at its expense protect and defend Lessor's title and/or license rights in the Equipment. In the event any of the Equipment is software governed by a software license, Lessee shall keep said license current for the entire Term and, to the extent the license allows title to the software to pass to licensee, such title shall vest and remain in Lessor. Lessee acknowledges that the license to use the software is being provided by the Manufacturer solely because of payments made by Lessor and in consideration therefor Lessor has obtained Lessee's interest in the License. Lessee forgoes any future claim to the software, including any right to purchase and/or use the software beyond the Term, except as otherwise provided in this Lease. Lessee hereby agrees and does hereby appoint Lessor or its assigns its true and lawful attorney-in-fact to prepare UCC's or other instruments necessary, and authorizes Lessor to cause this Lease or other instruments in Lessor's determination, to be filed or recorded at Lessee's expense in order to protect Lessor's interest in the Equipment, and grants Lessor the right to execute and deliver such instruments for and on behalf of Lessee. If requested by Lessor, then Lessee agrees to execute and deliver any such instruments and agrees to pay or reimburse Lessor for any searches, filings, recordings, inspections, fees, taxes or any other costs incurred as necessary to protect Lessor's interest in the Equipment. Lessee also authorizes Lessor to insert on any Schedule and on related supplemental lease documentation information commonly determined after execution by Lessee such as: serial numbers and other Equipment identification data, Equipment locations, Commencement Dates, and Final Commencement Date. Lessee shall take all steps necessary to ensure that the Equipment is and remains personal property.

**9. ALTERATIONS:** Lessee shall make no alterations, modifications, attachments, improvements, enhancements, revisions or additions to any of the Equipment (collectively called "Alterations"), without Lessor's prior written consent. All Alterations that are made shall become part of the Equipment and shall be the property of Lessor. Equipment which is software shall include all updates, revisions, upgrades, new versions, enhancements, modifications, derivative works, maintenance fixes, translations, adaptations, and copies of the foregoing or of the original version of the software whether obtained from the Manufacturer or from any source whatsoever, and references in this Lease to software will be interpreted as references to any and all of the foregoing.

**10. TAXES:** Lessee shall pay all fees, assessments and taxes (except for income taxes based solely on Lessor's net income assessed by the U.S. Internal Revenue Service and/or any member State of the United States of America), including but not limited to, sales, use, property, excise, intangibles, single business, stamp, documentary and any other costs imposed by any authority, with respect to the use, delivery, rental/lease, possession, purchase, ownership or sale of the Equipment and shall at its own cost and expense keep the Equipment free and clear of all levies, liens or encumbrances arising therefrom. Lessee shall file all required personal property tax returns relating to the Equipment. In the event Lessor files appropriate property tax returns or other reports, Lessee shall upon demand immediately reimburse Lessor for all amounts paid by Lessor, plus processing costs.

**11. LOSS OR DAMAGE:** Lessee shall bear the entire risk of loss, damage, theft, destruction, confiscation, requisition, inoperability, erasure, or incapacity, for or from any cause whatsoever, of any or all items during the period the Equipment is in transit to or from, or in the possession of, Lessee ("Event of Loss") and shall hold Lessor harmless against same. Immediately upon its discovery, Lessee shall fully inform Lessor of an Event of Loss. Except as provided herein, no Event of Loss shall relieve Lessee of any obligation hereunder, and all Schedules shall remain in full force and effect without any abatement or interruption of rent. In an Event of Loss, Lessee at its option provided no event of default has occurred hereunder, shall: (a) continue to timely make all rental payments and pay all other amounts due under the Lease and, within a commercially expedient time frame, place the Equipment in good working order, repair and condition, or replace the affected Equipment with identical equipment with documentation creating clear title thereto in Lessor; or (b) terminate the Lease with respect to the affected Schedule by paying to Lessor within thirty days the "Casualty Value" which is defined as the sum of: (i) the present value of the unpaid balance of the aggregate rent reserved under the related Schedule calculated using a discount rate of three percent per annum, plus (ii) all accrued but unpaid rentals, taxes, Delinquency Charges, penalties, interest and all or any other sums then due and owing under the related Schedule, plus (iii) the amount of any applicable end of Term purchase option or other end of Term payment or, in the absence thereof, the Fair Market Value of the Equipment, plus (iv) an amount reasonably determined by Lessor to make Lessor whole on an after tax basis for any loss, recapture, or unavailability of any tax credit and/or deduction.

Initials: 

# Exhibit 7

**12. INSURANCE:** Lessee, at its expense, shall provide and maintain in full force and effect at all times that this Lease is in force such casualty, property damage, comprehensive public liability and other insurance in such form and amounts as is and with such companies as shall be satisfactory to Lessor. All such insurance shall provide that it may not be canceled or materially altered without at least thirty days prior written notice to Lessor, shall name Lessor as additional insured and loss payee, and shall not be rescinded, impaired or invalidated by any act or neglect of Lessee.

**13. INDEMNITY:** Lessee shall indemnify, defend, protect, save and hold harmless Lessor, its employees, officers, directors, agents, assigns and successors from and against any and all claims, actions, costs, expenses (including reasonable attorneys' fees), damages (including any interruption of service, loss of business or other consequential damages), liabilities, penalties, losses, obligations, injuries, demands and liens (including any of the foregoing arising or imposed under the doctrines of "strict liability" or "product liability") of any kind or nature arising out of, connected with, relating to or resulting from the manufacture, purchase, sale, lease, ownership, installation, location, maintenance, operation, condition (including latent and other defects, whether or not discoverable), selection, delivery, return, or any accident in connection therewith, of any item or items of Equipment, or by operation of law (including any claim for patent, trademark or copyright infringement), regardless of where, how or by whom operated. The provisions of this paragraph shall survive termination or expiration of this Lease.

**14. AUTHORITY OF LESSEE TO ENTER LEASE:** With respect to this Lease and each Schedule now or in the future annexed hereto, Lessee hereby represents, warrants and covenants that: (i) the execution, delivery and performance thereof have been duly authorized by Lessee; (ii) the individuals executing such have been duly authorized to do so; (iii) the execution and/or performance thereof will not result in any default under, or breach of, any judgment, order, law or regulation applicable to Lessee, or of any provision of Lessee's articles of incorporation, bylaws, or any agreement to which Lessee is a party; and (iv) all financial statements and other information submitted by Lessee herewith or at any other time is true and correct without any misleading omissions.

**15. ASSIGNMENT:** Lessee hereby agrees and acknowledges that Lessor may without notice to Lessee, assign all or any part of Lessor's rights, title and interest in and to this Lease, any Schedule, the Equipment, and any of the rentals or other sums payable hereunder, to any assignee ("Assignee") provided any such assignment shall be made subject to the rights of Lessee herein. Lessee hereby acknowledges that any such assignment does not change the duties of, nor the burden of risk imposed on the Lessee and that Lessee shall not look to Assignee to perform any of Lessor's obligations hereunder and shall not assert against Assignee any defense, counterclaim or setoff it may have against Lessor. Lessee agrees that after receipt of written notice from Lessor of any such assignment Lessee shall pay, if directed by Lessor, any assigned rental and other sums payable hereunder directly to Assignee and will execute and deliver to Assignee such documents as Assignee may reasonably request in order to confirm the interest of Assignee in this Lease. **WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN, TRANSFER, ENCUMBER, SUBLET OR SELL THIS LEASE, ANY SCHEDULE, ANY OF THE EQUIPMENT, OR ANY OF ITS INTEREST THEREIN, IN ANY FORM OR MANNER.**

**16. FURTHER ASSURANCES:** Upon Lessor's request, Lessee, promptly and at its expense, shall execute and/or deliver such documents, instruments and/or assurances, and shall take such further action, as Lessor deems prudent in order to establish and/or protect the rights, interests and remedies of Lessor, and for the confirmation, assignment and/or perfection of this Lease and any Schedule hereto, and for the assurance of performance of Lessee's obligations hereunder, such as (but not limited to): a secretary's certificate certifying the authority of the person(s) signing, and/or the resolutions authorizing, this Lease and/or any Schedule; delivery and/or acceptance certificates; insurance certificates; an opinion of Lessee's counsel; financial statements and other credit information as reasonably requested by Lessor, intercreditor agreements; subordinations; and a landlord/mortgagee waiver of rights and interests in the Equipment. If Lessee fails to complete when due any such requested item, Lessor, at its sole discretion and notwithstanding the provisions of Section 3. Term herein, may elect to delay the Final Commencement Date of the affected Schedule until any or all such requested items are completed. Until duly executed by an authorized officer of Lessor, Lessee agrees that this Lease and any Schedule executed by Lessee shall constitute an offer by Lessee to enter into the Lease with Lessor.

**17. DEFAULT:** The occurrence of any of the following shall constitute an event of default hereunder ("Event of Default"): (a) Lessee fails to pay when due any installment of rent or any other amount due hereunder and such failure continues for a period of ten days after receipt of written notice thereof; (b) any financial or other information or any other representation or warranty given to Lessor herein or in connection herewith (including information provided by or on behalf of any Guarantor), proves to be false or misleading; (c) Lessee assigns, transfers, encumbers, sublets or sells this Lease, any Schedule, any of the Equipment, or any of its interest therein, in any form or manner, without Lessor's prior written consent; (d) Lessee fails to observe or perform any other covenant, condition or obligation to be observed or performed by it under this Lease and such failure continues for a period of fifteen days after receipt of written notice thereof; (e) any transaction or series of transactions that results in an ownership change of fifty percent or more of the equity interests of Lessee or any Guarantor of this Lease; (f) Lessee or any Guarantor of this Lease consolidates with or merges into, or sells or leases fifty percent or more of its assets to any individual, corporation, or other entity; (g) Lessee, or any Guarantor of this Lease, ceases doing business as a going concern, dies, makes an assignment for the benefit of creditors, admits in writing its insolvency, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files a petition seeking for itself a reorganization, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation, or files an answer admitting the material allegations of a petition filed against it in any such proceedings, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of it or of any substantial part of its assets, or if its shareholders take any action looking to its dissolution or liquidation; or (h) within sixty days after the commencement of any proceeding against Lessee or any Guarantor of this Lease, seeking reorganization, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within sixty days after the appointment without Lessee's consent or acquiescence of any trustee, receiver or liquidator of it or of any substantial part of its assets, such appointment shall not be vacated.

**18. REMEDIES:** If an Event of Default shall occur, Lessor may, in addition to all available remedies it may have at law or in equity, do any or all of the following: (a) proceed, by appropriate court action, to enforce performance by Lessee of the applicable covenants of this Lease and to recover damages for the breach thereof; (b) by written notice to Lessee, terminate this Lease and/or all or any Schedules hereto and Lessee's rights hereunder and/or thereunder; (c) personally or by its agents enter the premises where any of the Equipment is located and take immediate possession of the Equipment without court order or other process of law and free from all claims by Lessee; (d) nullify any end of Term purchase or renewal option; and/or (e) recover all unpaid amounts then due and owing including applicable late charges, plus, as liquidated damages for loss of a bargain and not as a penalty, accelerate and declare to be immediately due and payable the unpaid balance of the aggregate rent and other sums reserved hereunder plus the Fair Market Value of the Equipment, without any presentment, demand, protest or further notice (all of which are expressly waived by Lessee). In the event Lessor repossesses any of the Equipment, Lessor may sell, lease or otherwise dispose of said Equipment in such manner, at such times, and upon such terms as Lessor may reasonably determine. If Lessor does repossess and sell the Equipment, the proceeds thereof shall be applied to: (i) all costs and expenses (including attorney's fees) of such disposition; (ii) the unpaid accrued rentals, taxes, fees, delinquency charges, interest and all or any other sums due and owing; (iii) the unpaid accelerated rentals; and (iv) the Fair Market Value of the Equipment. Any excess proceeds shall be remitted to Lessee. If Lessor re-leases the Equipment, the re-lease rentals received for the period through the end of the

# Exhibit 7

original Base Term of the Lease shall be first applied as described in (i), (ii), (iii), and (iv), above, with any excess to be remitted to the Lessee. The exercise of any of the foregoing remedies by Lessor shall not constitute a termination of the Lease or of any Schedule unless Lessor so notifies Lessee in writing. All remedies of Lessor shall be deemed cumulative and may be exercised concurrently or separately. The waiver by Lessor of any breach of any obligation of Lessee shall not be deemed a waiver of a breach of any other obligation or of any future breach of the same obligation. The subsequent acceptance of rental payments hereunder by Lessor shall not be deemed a waiver of any prior or existing breach by Lessee regardless of Lessor's knowledge of such breach. If any Schedule is deemed at any time to be a lease intended as security, Lessee grants Lessor a security interest in the Equipment to secure its obligations under this Lease and all other indebtedness at any time owing by Lessee to Lessor. Lessee agrees that upon the occurrence of an Event of Default, in addition to all of the other rights and remedies available to Lessor hereunder, Lessor shall have all of the rights and remedies of a secured party under the Uniform Commercial Code.

**19. PERFORMANCE OF LESSEE'S OBLIGATIONS BY LESSOR:** If Lessee fails to perform any of its obligations hereunder, Lessor shall have the right, but shall not be obligated, to perform the same for the account of Lessee without thereby waiving Lessee's default. Any amount paid and any expense, penalty or other liability incurred by Lessor in such performance shall become due and payable by Lessee to Lessor upon demand.

**20. PURCHASE AGREEMENTS:** In the event any of the Equipment is subject to any acquisition or purchase agreement ("Acquisition Agreement") between Lessee and the Manufacturer, then Lessee, as part of this Lease when approved by Lessor, transfers and assigns to Lessor any and all of Lessee's rights, title and interest (excepting that which is inherent to or granted by this Lease), but none of its obligations (except Lessee's obligation to pay for the Equipment, which Lessor shall do after Lessee's acceptance of the Equipment, provided all documentation required by Lessor has been completed and that Lessor's approval remains valid), in and to the Acquisition Agreement(s) and the subject Equipment. IN THE EVENT LESSEE ISSUES A PURCHASE ORDER TO LESSOR WITH RESPECT TO THIS LEASE, ANY SCHEDULE, OR ANY OF THE EQUIPMENT, IT IS AGREED THAT ANY SUCH PURCHASE ORDER IS FOR LESSEE'S INTERNAL PURPOSES ONLY AND THAT NONE OF ITS TERMS AND CONDITIONS SHALL MODIFY THIS LEASE OR ANY RELATED DOCUMENTATION, OR AFFECT EITHER PARTIES' RESPONSIBILITIES AS SET FORTH IN THIS LEASE.

**21. NOTICES:** All notices hereunder shall be in writing and shall be given by personal delivery or sent by certified mail, return receipt requested, or reputable overnight courier service, postage/expense prepaid, to the address of the other party as set forth herein or to any later address last known to the sender. All notices to Lessor shall be addressed to the attention of Vice President, Contracts, and must be executed by an authorized officer of Lessee to be effective. Notice shall be effective upon signed receipt or other evidence of delivery.

**22. APPLICABLE LAW / ARBITRATION:** The parties agree that any action brought to enforce any of the terms, or to recover for any breach, whether based in tort, contract or otherwise, relating to or arising out of this Lease (collectively, "Lease Disputes") will be submitted to the Orange County, California, office of JAMS/Endispute LLC ("JAMS"), for a trial of all issues of law and fact conducted by a retired judge or justice from the panel of JAMS, appointed pursuant to a general reference under California Code of Civil Procedure, Section 638(1) (or any amendment, addition or successor section thereto) unless Lessor or its Assignee selects an alternative forum. If the parties are unable to agree on a member of the JAMS panel, then one shall be appointed by the presiding Judge of the California Superior Court for the County of Orange. In the event that JAMS in the County of Orange ceases to exist, then the parties agree that all Lease Disputes will be filed and conducted in the appropriate court having jurisdiction in the County of Orange, unless Lessor or its Assignee selects an alternative forum. Lessee agrees to submit to the personal jurisdiction of the appropriate California Court for all Lease Disputes. Lessee waives its rights to a jury trial in any action arising out of or relating to this Lease. The prevailing party in any Lease Disputes is entitled to recover from the other party reasonable attorney's fees and costs, including all JAMS related costs and costs of collection (including judgment enforcement and collection costs). This Lease has been entered into and shall be performed in California and, therefore, this Lease shall be construed in accordance with and shall be governed by, the internal substantive laws of the State of California (exclusive of principles of conflict of laws). TIME IS OF THE ESSENCE.

**23. GENERAL:** Neither this Lease nor any Schedule shall bind Lessor in any manner, and no obligation of Lessor shall arise, until the respective instrument is duly executed by an authorized officer of Lessor. If more than one Lessee is named in this Lease or there is a Guarantor of this Lease, the liability of each shall be joint and several. This Lease and each Schedule shall inure to the benefit of and be binding upon Lessor, Lessee and their respective successors except as expressly provided for herein. All representations, warranties, indemnities and covenants contained herein, or in any document now or at any other time delivered in connection herewith, which by their nature would continue beyond the termination or expiration of this Lease, shall continue in full force and effect and shall survive the termination or expiration of this Lease.

**24. ENTIRE AGREEMENT:** THIS LEASE, TOGETHER WITH ALL DULY EXECUTED SCHEDULES, CONSTITUTES THE ENTIRE AGREEMENT BETWEEN LESSEE AND LESSOR WITH RESPECT TO THE EQUIPMENT AND SHALL SUPERSEDE ANY AND ALL PRIOR PROPOSALS, NEGOTIATIONS AND/OR OTHER COMMUNICATIONS, ORAL OR WRITTEN. NO MODIFICATION TO THIS AGREEMENT SHALL BE EFFECTIVE UNLESS MADE IN WRITING AND DULY EXECUTED BY LESSEE AND AN AUTHORIZED OFFICER OF LESSOR. NO ORAL OR WRITTEN GUARANTY, PROMISE, CONDITION, REPRESENTATION OR WARRANTY SHALL BE BINDING UNLESS MADE A PART OF THIS LEASE BY DULY EXECUTED ADDENDUM. UNLESS SPECIFIED OTHERWISE, IN THE EVENT ANY SUCH DULY EXECUTED MODIFICATION IS ATTACHED TO AND MADE A PART OF ANY SPECIFIC SCHEDULE, THE TERMS AND CONDITIONS OF SUCH MODIFICATION SHALL APPLY ONLY TO THAT SPECIFIC SCHEDULE AND SHALL NOT APPLY TO ANY OTHER SCHEDULE.

PLEASE INITIAL BELOW TO CERTIFY YOUR ACKNOWLEDGMENT AND AGREEMENT THAT NO MODIFICATION TO THIS LEASE SHALL BE EFFECTIVE UNLESS IN WRITING AND SIGNED BY LESSEE AND AN AUTHORIZED OFFICER OF LESSOR.

Lessee Initials: AWG

Lessor Initials: MP

**Tulare Local Health Care District**

Signature: Alan W. Germany

Name: Alan W. Germany / BENNY BENZEEVI, MD

Title: CFO/COO

CEO

Date Offered: 8/23/17

Lessor: **CELTIC LEASING CORP.**

Signature: Michael J. Purcell

Name: Michael J. Purcell

Title: Executive Vice President

Date Accepted: 08/24/17

Exhibit 8

# CELTIC PURCHASE/LEASEBACK AGREEMENT and BILL OF SALE

RE: Lease No. CML-3826A / Schedule No. 3826A01

**CELTIC LEASING CORP.—Lessor/Purchaser**

4 PARK PLAZA, SUITE 300 • IRVINE, CALIFORNIA 92614 • (949) 263-3880 • FAX: (949) 263-1331

**Lessee/Seller: Tulare Local Health Care District**

Corporate

Address : 869 North Cherry St., Tulare, CA 93274

Contact : Alan W. Germany Title: CFO/COO Phone No.: (859) 688-5235

Equipment

Location : Various Locations

This Agreement is to acknowledge that the above named Lessee/Seller (herein referred to as "Seller") agrees to sell and Celtic Leasing Corp. (herein referred to as "Purchaser") agrees to purchase the below listed equipment (the "Equipment") which is subject to the above referenced lease and schedule (the "Lease") by and between Seller and Purchaser as Lessee and Lessor, respectively:

Equipment:

ITEM	QTY	DESCRIPTION	PRICE
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AS SET FORTH ON EXHIBIT "A" ATTACHED HERETO AND  
MADE A PART HEREOF, CONSISTING OF 02 PAGE(S).

\$ 3,000,000.00

**NOTE:** The item(s) described above represent(s) Equipment Item(s) 1.-77. to said Lease.

Purchaser shall pay to Seller the aggregate price listed above. Seller represents and warrants that it has good and merchantable title to the Equipment free and clear of all adverse liens and encumbrances and Seller covenants and agrees to defend same against any and all adverse claims and demands. Seller acknowledges that it is responsible for any and all sales/use tax relating to the Equipment.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Seller hereby sells, transfers, grants, bargains, sets over, assigns, delivers and conveys all of its right, title and interest in and to the Equipment (except for those rights and interests granted under said Lease) to Purchaser.

**LESSEE/SELLER**

**Tulare Local Health Care District**

Signature

Name : Benny Benzeevi, MD

Title : CEO

Date: 8.30.17

**LESSOR/PURCHASER**

**CELTIC LEASING CORP.**

Signature

Name : Michael J. Purcell

Title

: Executive Vice President Date: 08/30/17

# Exhibit 8

Exhibit "A"  
to  
PURCHASE/LEASEBACK AGREEMENT and BILL OF SALE  
relating to  
Lease No. CML-3826A/ Schedule No. 3826A01

Equipment:

ITEM	QTY	SERIAL NO.	DESCRIPTION					
Item	Vendor		Invoice #	Address	City	County	State	Zip
1.	Hill-Rom		S010464130	446 West Prosperity Ave	Tulare	Tulare	CA	93274
2.	FujiFilm Medical Systems USA, Inc.		15188	869 Cherry Ave	Tulare	Tulare	CA	93274
3.	Beckman Coulter		102788078	869 Cherry Ave	Tulare	Tulare	CA	93274
4.	Karl-Storz Endoscopy-America, Inc.		15506	869 Cherry Ave	Tulare	Tulare	CA	93274
5.	Physio-Control, Inc.		112111458	869 Cherry Ave	Tulare	Tulare	CA	93274
6.	Covidien		17177845	869 Cherry Ave	Tulare	Tulare	CA	93274
7.	Covidien		17186689	869 Cherry Ave	Tulare	Tulare	CA	93274
8.	Creche Innovations		2912	869 Cherry Ave	Tulare	Tulare	CA	93274
9.	Karl-Storz Endoscopy-America, Inc.		15506	869 Cherry Ave	Tulare	Tulare	CA	93274
10.	Karl-Storz Endoscopy-America, Inc.		92489353	869 Cherry Ave	Tulare	Tulare	CA	93274
11.	Medline Industries, Inc.		1054419482	869 Cherry Ave	Tulare	Tulare	CA	93274
12.	Medline Industries, Inc.		1055014982	869 Cherry Ave	Tulare	Tulare	CA	93274
13.	Ohio Medical Corporation		339043	869 Cherry Ave	Tulare	Tulare	CA	93274
14.	Stryker Sales Corporation		1085515 M	869 Cherry Ave	Tulare	Tulare	CA	93274
15.	Owens & Minor		4199188	869 Cherry Ave	Tulare	Tulare	CA	93274
16.	FDSI Logistics		21860663	869 Cherry Ave	Tulare	Tulare	CA	93274
17.	Carl Zeiss Meditec, Inc.		6044411074	869 Cherry Ave	Tulare	Tulare	CA	93274
18.	Biomed Medical Systems, Inc.		227848	869 Cherry Ave	Tulare	Tulare	CA	93274
19.	GE Medical Systems		80343395	869 Cherry Ave	Tulare	Tulare	CA	93274
20.	Smiths Medical ASD, Inc.		12804853	869 Cherry Ave	Tulare	Tulare	CA	93274
21.	Scale-Tronix		181206	446 West Prosperity Ave	Tulare	Tulare	CA	93274
22.	Biomed Medical Systems, Inc.		229130	869 Cherry Ave	Tulare	Tulare	CA	93274
23.	Novum Medical Products, Inc.		27734	869 Cherry Ave	Tulare	Tulare	CA	93274
24.	CareFusion		9103664443	869 Cherry Ave	Tulare	Tulare	CA	93274
25.	CareFusion		9103777669	869 Cherry Ave	Tulare	Tulare	CA	93274
26.	Covidien		16542695	869 Cherry Ave	Tulare	Tulare	CA	93274
27.	Grainger		8672324739	869 Cherry Ave	Tulare	Tulare	CA	93274
28.	Gyrus ACMI, LP		101433860	869 Cherry Ave	Tulare	Tulare	CA	93274
29.	Medisafe America LLC		26378	869 Cherry Ave	Tulare	Tulare	CA	93274
30.	Karl-Storz Endoscopy-America, Inc.		92338451	869 Cherry Ave	Tulare	Tulare	CA	93274
31.	Karl-Storz Endoscopy-America, Inc.		92339804	869 Cherry Ave	Tulare	Tulare	CA	93274
32.	Karl-Storz Endoscopy-America, Inc.		92338450	869 Cherry Ave	Tulare	Tulare	CA	93274
33.	Karl-Storz Endoscopy-America, Inc.		92347138	869 Cherry Ave	Tulare	Tulare	CA	93274
34.	Karl-Storz Endoscopy-America, Inc.		92349192	869 Cherry Ave	Tulare	Tulare	CA	93274
35.	Olympus America Inc.		12932823 RI	869 Cherry Ave	Tulare	Tulare	CA	93274
36.	The Drapery Shoppe		1952	869 Cherry Ave	Tulare	Tulare	CA	93274
37.	Intuitive Surgical		900360958	869 Cherry Ave	Tulare	Tulare	CA	93274
38.	Case Medical		46251	869 Cherry Ave	Tulare	Tulare	CA	93274
39.	Integra		2225893	869 Cherry Ave	Tulare	Tulare	CA	93274
40.	Integra		2215678	869 Cherry Ave	Tulare	Tulare	CA	93274
41.	Wilson Medical Specialists, Inc.		232883	869 Cherry Ave	Tulare	Tulare	CA	93274
42.	Wilson Medical Specialists, Inc.		232952	869 Cherry Ave	Tulare	Tulare	CA	93274



# Exhibit 8

## Exhibit "A" to PURCHASE/LEASEBACK AGREEMENT AND BILL OF SALE

Page 2

43.	Teleflex Medical	844764	869 Cherry Ave	Tulare	Tulare	CA	93274
44.	Johnson & Johnson Health Care Systems, Inc.	906457060	869 Cherry Ave	Tulare	Tulare	CA	93274
45.	Stryker Sales Corporation	4030842-E	869 Cherry Ave	Tulare	Tulare	CA	93274
46.	Herzog Surgical	80845	869 Cherry Ave	Tulare	Tulare	CA	93274
47.	Teleflex Medical	15371	869 Cherry Ave	Tulare	Tulare	CA	93274
48.	Karl-Storz Endoscopy-America, Inc.	92372540	869 Cherry Ave	Tulare	Tulare	CA	93274
49.	Intuitive Surgical	900360959	869 Cherry Ave	Tulare	Tulare	CA	93274
50.	CareFusion	9103788127	869 Cherry Ave	Tulare	Tulare	CA	93274
51.	CareFusion	9103785405	869 Cherry Ave	Tulare	Tulare	CA	93274
52.	Maquet Getinge Group	2690380749	869 Cherry Ave	Tulare	Tulare	CA	93274
53.	GE Medical Systems	80356425	869 Cherry Ave	Tulare	Tulare	CA	93274
54.	GE Medical Systems	80356432	869 Cherry Ave	Tulare	Tulare	CA	93274
55.	GE Medical Systems	80355500	869 Cherry Ave	Tulare	Tulare	CA	93274
56.	GE Medical Systems	80380566	869 Cherry Ave	Tulare	Tulare	CA	93274
57.	Olympus America Inc.	14499914 RI	446 West Prosperity Ave	Tulare	Tulare	CA	93274
58.	Hospital Associates	162057-00	446 West Prosperity Ave	Tulare	Tulare	CA	93274
59.	Hospital Associates	162057-01	869 Cherry Ave	Tulare	Tulare	CA	93274
60.	Hospital Associates	162057-02	869 Cherry Ave	Tulare	Tulare	CA	93274
61.	Hospital Associates	162057-03	446 West Prosperity Ave	Tulare	Tulare	CA	93274
62.	Newmatic Medical	W026390	869 Cherry Ave	Tulare	Tulare	CA	93274
63.	GE Medical Systems	80380254	869 Cherry Ave	Tulare	Tulare	CA	93274
64.	Melo's Gas & Gear	529065	869 Cherry Ave	Tulare	Tulare	CA	93274
65.	Stryker Sales Corporation	2403402-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
66.	Stryker Sales Corporation	2403014-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
67.	Stryker Sales Corporation	2403008-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
68.	Stryker Sales Corporation	2401748-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
69.	Stryker Sales Corporation	2401762-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
70.	Stryker Sales Corporation	2403000-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
71.	Stryker Sales Corporation	2403352-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
72.	Stryker Sales Corporation	2403381-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
73.	Stryker Sales Corporation	1211942 M	869 Cherry Ave	Tulare	Tulare	CA	93274
74.	Vital Signs, Inc.	8480121715	869 Cherry Ave	Tulare	Tulare	CA	93274
75.	Vital Signs, Inc.	8433821715	869 Cherry Ave	Tulare	Tulare	CA	93274
76.	CDW Government	DZ77084	869 Cherry Ave	Tulare	Tulare	CA	93274
77.	Natus	1040032866	869 Cherry Ave	Tulare	Tulare	CA	93274

### LESSEE/SELLER

Tulare Local Health Care District

Signature: 

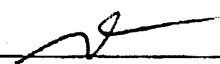
Name: Benny Benzeevi, MD

Title: CEO

Date: 8-30-2017

### LESSOR/PURCHASER

CELTIC LEASING CORP.

Signature: 

Name: Michael J. Purcell

Title: Executive Vice President

Date: 08/30/17

Exhibit 9



# CELTIC

## ACCEPTANCE CERTIFICATE

TO LEASE SCHEDULE NO. 3826A01 ANNEXED TO AND  
MADE A PART OF MASTER LEASE NO. CML-3826A

Lessee: Tulare Local Health Care District

Lessee hereby certifies that, pursuant to the Lease Schedule and Master Lease referenced above, the Items of Equipment set forth below, as are enumerated and further described in the related Lease Schedule, have been, as of the indicated Commencement Date, delivered to, inspected by, found to be in good order and accepted by Lessee as ready for use, and billing pursuant to the Lease is appropriate. Lessee understands that Lessor is relying on this certification in making payment for the Items listed below. Lessee and Lessor agree that the copy of this originally signed Acceptance Certificate Lessee delivers to Lessor by facsimile transmission or e-mail shall constitute the original of the Acceptance Certificate for all purposes under the Lease.

ITEM(S)	QTY	COMMENCEMENT DATE	ADDITIONAL DESCRIPTION INCLUDING SERIAL NO. AND LOCATION (necessary only if information on the related Lease Schedule is insufficient)
1-77	ALL	DATE OF FUNDING	Lessee hereby acknowledges acceptance of the indicated Items of Equipment as of the signature date set forth below; however, due to the Purchase/ Leaseback nature of the Equipment, the Commencement Date shall be the actual date of funding for these Items by Lessor or Lessor's assignee.

### ACCEPTED BY:

Lessee: Tulare Local Health Care District

Signature: 

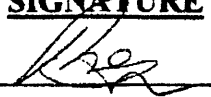
Name: Benny Benzeevi, MD

Title: CEO Date: 8-30-17

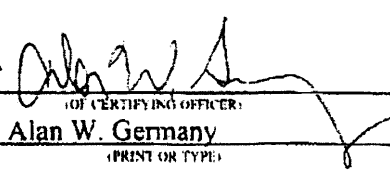


# ORGANIZATION CERTIFICATE

THE UNDERSIGNED DOES HEREBY CERTIFY that: (a) I am an officer of Tulare Local Health Care District, an organization duly organized and validly existing under the laws of the state of California; and (b) that the persons whose names and signatures appear below are, and have been at all times, duly qualified and authorized to execute, on behalf of this organization, any and all documents and instruments in connection with the lease, purchase, sale or other disposition of personal property from or to CELTIC LEASING CORP. including, but not limited to, Master Leases, Lease Schedules, Purchase and Sale Agreements, and other documents relating thereto.

<u>NAME</u>	<u>TITLE</u>	<u>SIGNATURE</u>
<u>Benny Benzeevi, MD</u>	<u>CEO</u>	
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, the undersigned officer has executed this Certificate on the date set forth below.

Signature:   
(OF CERTIFYING OFFICER)  
 Name: Alan W. Germany  
(PRINT OR TYPE)  
 Title: CFO/COO  
(OFFICER TITLE--PREFERABLY SECRETARY OR ASST. SEC.)  
 Date: 8/30/17

# Exhibit 11

**Darrell Early**

---

**From:** Delbert Bryant <dbryant@teamhcca.com>  
**Sent:** Wednesday, August 30, 2017 1:14 PM  
**To:** Timothy Ong  
**Cc:** Skylar Crane; Mark El-Hinn  
**Subject:** RE: wire information

No, that's not right. The bank, Chase, is at:

5151 W. Goshen Avenue  
Visalia, CA 93291

I believe their official name is JPMorgan Chase Bank, N.A. The routing number is an old Washington Mutual number that they are still using for banks they acquired from Washington Mutual when the companies merged.

---

**From:** Timothy Ong [mailto:TOng@Celticfinance.com]  
**Sent:** Wednesday, August 30, 2017 12:51 PM  
**To:** Delbert Bryant  
**Cc:** Skylar Crane; Mark El-Hinn  
**Subject:** RE: wire information

Delbert,

Can you please confirm this is the address below:

1079 E. Prosperity Ave  
Tulare, CA 93274

Thank you,

**Timothy Ong, CLFP**  
Vice President  
**CELTIC COMMERCIAL FINANCE**  
a wholly owned subsidiary of MB Financial Bank, N.A.  
4 Park Plaza Ste 300 | Irvine, CA 92614  
t: 949.471.1061 | f: 949.263.1331  
e: [Tong@celticfinance.com](mailto:Tong@celticfinance.com) | w: [www.celticfinance.com](http://www.celticfinance.com)



---

**From:** Timothy Ong  
**Sent:** Wednesday, August 30, 2017 9:18 AM  
**To:** 'Delbert Bryant'

Exhibit 11

Cc: Skylar Crane; Mark El-Hinn  
Subject: RE: wire information

Delbert,

Can you please provide the bank's physical address?

Thanks,

**Timothy Ong, CLFP**

Vice President

**CELTIC COMMERCIAL FINANCE**

a wholly owned subsidiary of MB Financial Bank, N.A.

4 Park Plaza Ste 300 | Irvine, CA 92614

t: 949.471.1061 | f: 949.263.1331

e: [Tong@celticfinance.com](mailto:Tong@celticfinance.com) | w: [www.celticfinance.com](http://www.celticfinance.com)



---

From: Delbert Bryant [<mailto:dbryant@teamhcca.com>]

Sent: Wednesday, August 30, 2017 8:09 AM

To: Timothy Ong

Cc: Alan Germany

Subject: FW: wire information

Tim, here you go...

---

From: Delbert Bryant

Sent: Friday, August 18, 2017 4:02 PM

To: 'Skylar Crane'

Subject: wire information

Skylar,

The account is named Tulare Asset Management Account

Bank is Washington Mutual (now Chase but system still reads routing number as WM)

Routing number 322271627

Account number 898115915

Put on memo line: Tulare Local Health Care District

---

This e-mail is a confidential transmission. Information contained herein is confidential and/or proprietary and is for the intended recipient only. It may not be distributed to any other party in any manner without the prior written consent of the sender. If you are not the intended recipient, you are directed not to read, disclose, distribute or otherwise use this transmission. If you have received this email in error, please notify the sender immediately and delete the transmission. Delivery of this message is not intended to waive any applicable privileges.

# Exhibit 12

Report Run Date: 08/31/2017 13:04

## Wire Detail Report - Celtic Leasing Corporation

Fedwire

Celtic-Celtic Leasing Corporation

Payment Number	Confirmation	Status	Amount
1198346		Pending Approval	3,000,000.00 USD

From Template: N  
 Value Date: 08/31/2017  
 Send Date: 08/31/2017  
 Sender Reference: CML 3828A01  
 Debit Account#: XXXXX01238-USD  
 Reference for Recipient: TULARE LOCAL HEA  
 Recipient ID Type: Account Number  
 Recipient ID: 898115915  
 Recipient Name: TULARE ASSET MANAGEMENT ACCOUNT  
 Recipient Address 1: 989 N. CHERRY STREET  
 Recipient Address 2: TULARE, CA 93274  
 Recipient Bank ID Type: ABA (Wire)  
 Recipient Bank ID: 322271627  
 Recipient Bank Name: JPMORGAN CHASE  
 Details of Payment Line 1: CONVENIENCE FUNDING OF ITEMS 1-77  
 Details of Payment Line 2: ATTN: ACCOUNTS RECEIVABLE  
 Details of Payment Line 3: CML-3828A01- TULARE LOCAL HEALTH CA

Date/Time	Log In ID	Action
08/31/2017 13:04	ABISTA@Celtic	create

Total: 3,000,000.00

End Of Report

### Filter Criteria:

Wire Payment IDs:  
 1198346



**Tulare Asset Management LLC Account # [REDACTED] 5915- Chase Bank**

Page 1 of 3

HCCA Account # [REDACTED] 8699- Chase Bank

Page 2 of 3

# Exhibit 13: Schedules- Flow of \$3 Million Celtic Funds

Yorai & Amy Benzeevi Account # [REDACTED] 33432- Chase Bank

Line	Description	Category	Amount	Check #	Date	Balance	Debit	Credit	Balance
476	US Treasury	WITHDRAWAL			08/15/2017	254,000.00			2,454,432.17
477	WCA Act 8000	DEPOSIT	1,000		08/15/2017			2,455,432.17	4,954,432.17
478	Transfer to Chase Act 8000	WITHDRAWAL			08/15/2017	5,900.00			4,948,532.17
479	VI Healthcare Finance Inc Act 8000	WITHDRAWAL			08/15/2017	190,000.00			4,758,532.17
480	American Express	WITHDRAWAL			08/15/2017	90.00			4,758,442.17
481	WCA Act 8000	WITHDRAWAL			08/15/2017	400,000.00			4,358,442.17
482	Interest Payment	DEPOSIT			08/15/2017			77.80	4,358,520.00
483	Chase Card	WITHDRAWAL			10/11/2017	1,596.90			4,356,923.10
484	Cash	WITHDRAWAL			10/11/2017	500.00			4,356,423.10
485	American Express	WITHDRAWAL			10/11/2017	20,240.41			4,336,182.69
486	Check	CHECK	1,360		10/11/2017	4,121.64			4,331,861.05
487	Check	CHECK	1,200		10/11/2017	1,900.00			4,330,661.05
488	Freightline Tax Board	WITHDRAWAL			10/11/2017	20,311.00			4,310,350.05
489	Check	CHECK	1,200		10/11/2017	1,189.48			4,309,160.57
490	Check	CHECK	1,200		10/11/2017	1,189.48			4,307,971.09
491	US Treasury	CHECK			10/11/2017	75,400.00			4,232,571.09
492	Check	CHECK			10/11/2017	75.40			4,232,500.00
493	Interest Payment	DEPOSIT						10.11	4,232,510.11
494	Transfer to Chase Act 8000	WITHDRAWAL			11/04/2017	15,000.00			4,217,510.11
495	Cash	WITHDRAWAL			11/04/2017	500.00			4,217,010.11
496	Medicare PC	WITHDRAWAL			11/04/2017	15,000.00			4,202,010.11
497	Chase Card	WITHDRAWAL			11/11/2017	9,770.34			4,192,239.77
498	WCA Act 8000	DEPOSIT			11/11/2017			471,000.00	4,663,239.77
499	WCA Act 8000	DEPOSIT			11/11/2017			271,000.00	4,934,239.77
500	WCA Act 8000	DEPOSIT			11/11/2017			66,000.00	5,000,239.77
501	WCA Act 8000	DEPOSIT			11/11/2017			28,000.00	5,028,239.77
502	Transfer to Chase Act 8000	WITHDRAWAL			11/11/2017	20,000.00			5,008,239.77
503	Cash	WITHDRAWAL			11/11/2017	500.00			5,007,739.77
504	American Express	WITHDRAWAL			11/11/2017	26,240.41			4,981,499.36
505	WCA Act 8000	WITHDRAWAL			11/11/2017	750,000.00			4,231,499.36
506	Interest Payment	DEPOSIT			11/11/2017			30.34	4,231,529.70
507	Withdrawal	WITHDRAWAL			12/04/2017	1,000.00			4,230,529.70
508	Freightline Tax Board	WITHDRAWAL			12/04/2017	20.00			4,230,509.70
509	Disputed Item Returned Under To Master	WITHDRAWAL			12/04/2017	17.40			4,230,492.30
510	Chase Card	WITHDRAWAL			12/11/2017	2,291.50			4,228,200.80
511	WCA Act 8000	WITHDRAWAL			12/11/2017	100,000.00			4,128,200.80
512	WCA Act 8000	WITHDRAWAL			12/11/2017	180,000.00			4,048,200.80
513	Business, State	WITHDRAWAL			12/11/2017	16,000.00			4,032,200.80
514	American Express	WITHDRAWAL			12/11/2017	21,023.45			4,011,177.35
515	Business, Auto	WITHDRAWAL			12/11/2017	100,000.00			3,911,177.35
516	Interest Payment	DEPOSIT						39.30	3,911,216.65
517	Software Insurance Company	CHECK	1,200		01/02/2018	1,301.00			3,910,915.65
518	Check	CHECK	1,200		01/02/2018	1,303.00			3,909,612.65
519	Chase Card	WITHDRAWAL			01/02/2018	10,407.68			3,899,204.97
520	Check	CHECK	1,200		01/02/2018	20.00			3,898,004.97
521	Transfer to	CHECK	1,200		01/02/2018	4,943.00			3,893,061.97
522	Check	CHECK	1,211		01/11/2018	829.00			3,891,852.97
523	Withdrawal	WITHDRAWAL			01/14/2018	4,298.39			3,887,554.58
524	Check	CHECK	1,210		01/14/2018	799.00			3,886,755.58
525	Freightline Tax Board	WITHDRAWAL			01/17/2018	143,810.00			3,742,945.58
526	American Express	WITHDRAWAL			01/17/2018	21,057.04			3,721,888.54
527	US Treasury	CHECK	1,212	100-10-8990/2017/FORM 1040-ES	01/18/2018	440,710.00			3,281,178.54
528	Transfer to Chase Act 8000	WITHDRAWAL			01/18/2018	20,000.00			3,261,178.54
529	Check	CHECK	1,212		01/18/2018	3,054.00			3,258,124.54
530	Withdrawal	WITHDRAWAL			01/18/2018	9,900.00			3,248,224.54
531	Interest Payment	DEPOSIT						12.24	3,248,236.78
532	Humana Mutual Insurance Company	CHECK	1,214		02/01/2018	1,142.00			3,247,094.78
533	Chase Card	WITHDRAWAL			02/01/2018	999.18			3,246,095.60
534	American Express	WITHDRAWAL			02/01/2018	15,449.00			3,230,646.60
535	WCA Act 8000	WITHDRAWAL			02/01/2018	215,000.00			3,015,646.60
536	Interest Payment	DEPOSIT						73.67	3,015,720.27
537	Cash	WITHDRAWAL			03/07/2018	300.00			2,985,720.27
538	Chase Card	WITHDRAWAL			03/11/2018	1,946.41			2,983,773.86
539	Cash	WITHDRAWAL			03/14/2018	500.00			2,983,273.86
540	Transfer to Chase Act 8000	WITHDRAWAL			03/14/2018	5,000.00			2,978,273.86
541	Check	CHECK	1,215		03/14/2018	720.40			2,977,553.46
542	American Express	WITHDRAWAL			03/14/2018	18,939.45			2,958,614.01
543	Interest Payment	DEPOSIT						22.73	2,958,636.74
544	Chase Card	WITHDRAWAL			04/11/2018	4,083.52			2,954,553.22
545	Withdrawal	WITHDRAWAL			04/11/2018	1,000.00			2,953,553.22
546	Freightline Tax Board	WITHDRAWAL			04/14/2018	310,000.00			2,643,553.22
547	American Express	WITHDRAWAL			04/23/2018	28,000.51			2,615,552.71
548	US Treasury	CHECK	1,000	100-10-8990/2017/FORM 1040-ES	04/23/2018	810,000.00			1,805,552.71
549	Cash	WITHDRAWAL			04/23/2018	400.00			1,805,152.71
550	WCA Act 8000	WITHDRAWAL			04/23/2018	800,000.00			1,005,152.71
551	Interest Payment	DEPOSIT						20.85	1,005,173.56
552	Transfer to Chase Act 8000	WITHDRAWAL			05/01/2018	10,000.00			995,173.56
553	Chase Card	WITHDRAWAL			05/01/2018	4,399.81			990,773.75
554	Cash	WITHDRAWAL			05/14/2018	500.00			990,273.75
555	American Express	WITHDRAWAL			05/14/2018	16,767.34			973,506.41
556	Interest Payment	DEPOSIT						11.41	973,517.82
557	Cash	WITHDRAWAL			06/04/2018	800.00			972,717.82
558	Cash	WITHDRAWAL			06/04/2018	7,000.00			965,717.82
559	Chase Card	WITHDRAWAL			06/06/2018	7,511.63			958,206.19
560	WCA Act 8000	WITHDRAWAL			06/11/2018	150,000.00			808,206.19
561	Chase Card	WITHDRAWAL			06/15/2018	1,946.52			806,259.67
562	American Express	WITHDRAWAL			06/25/2018	21,481.44			784,778.23
563	Interest Payment	DEPOSIT						9.34	784,787.57
564	Cash	WITHDRAWAL			07/04/2018	400.00			784,387.57
565	Freightline Tax Board	CHECK	1,100		07/04/2018	779.40			783,608.17
566	Kaiser Permanente Insurance Company	CHECK	1,100		07/10/2018	3,472.76			780,135.41
567	Transfer to	CHECK	1,100		07/10/2018	4,789.00			775,346.41
568	WCA Act 8000	WITHDRAWAL			07/17/2018	170,000.00			605,346.41
569	Chase Card	WITHDRAWAL			07/17/2018	4,424.15			600,922.26
570	Unemployment and Annuity	CHECK	1,100		07/17/2018	2,799.40			598,122.86
571	American Express	WITHDRAWAL			07/17/2018	25,341.44			572,781.42
572	Interest Payment	DEPOSIT						8.97	572,790.39
573	Interest Payment	DEPOSIT						7.80	572,798.19





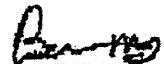
Exhibit 14

06-Dec-17

06Dec17-1288

THIS ITEM IS PART OF A LEGAL STATEMENT RECONSTRUCTION  
GROUP ID G06Dec17-1288

Sequence number 004790375877 Posting date 13-Sep-17 Amount 499727.93

	JPMorgan Chase Bank, N.A.	09102017	1400
		DATE M M C D Y Y Y Y	
Pay To: Baker & Hostetler		**499,727.93	
Amount: FOUR HUNDRED NINETY NINE THOUSAND SEVEN HUNDRED TWENTY SEVEN AND 00/100			
	Void after 90 days		
Memo	HCCA loan to TRAC, to cover TRAC services cost. 583(14453,14450,25561,24012,24011,25568,24010,240 09,24008,36079,36080,36081,36082,36079,36083,3610 0,36101,46013,46041,46040,46039,46037,46038,46042 34464,36463,65117,66284)		
	13222716271	550578699	1400
			49972793

DDA 000354931000237 Lbx 0070189 CLE Batch 0670527 Seq 000008 Date 20170913

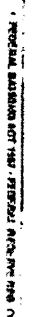


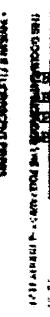
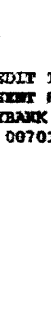
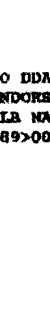
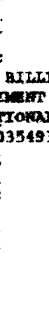
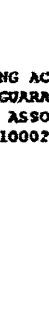
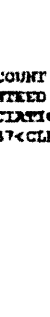





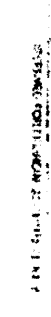
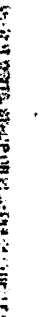

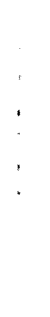

																		
CREDIT TO DDA BILLING ACCOUNT CHECK ENDORSEMENT GUARANTEED BANK IN NATIONAL ASSOCIATION 0070189>000354931000237<CLE																		



Exhibit 15

CHASE		CASHIER'S CHECK		9571302392	
Remitter: HCCA		Date: 09/14/2017		Void after 7 years	
Pay To The ORDER OF: BAKER HOSTETLER		Pay: TEN THOUSAND DOLLARS AND 00 CENTS		\$** 10,000.00 **	
Name: <u>TRAC DA CASE (9.15.17)</u>		Signature: <u>[Signature]</u>		Branch: JPMORGAN CHASE BANK, N.A.	
Note: For information only. Comment has no effect on bank's payment.		Managing Director: <u>[Signature]</u>		JPMorgan Chase Bank, N.A.	
MICR Line: ⑈9571302392⑈ ⑆122100024⑆ 806002234⑈					
DDA 000354931000237 Lbx 0070189 CLE Batch 0620197 Seq 000027 Date 20170925					
CREDIT TO DDA BILLING ACCOUNT DEBIT ENDORSEMENT GUARANTEED STAMP IS NATIONAL ASSOCIATION 0070189>000354931000237<CLE					
132096651					

#1

Posting Date: 20170925

Sequence Number: 5690211370

Amount: \$10,000.00

Account: 806002234

Routing Transit Number: 12210002

Check/Serial Number: 009571302392

Bank Number: 601

IRD Indicator: 0

BOFD: 000000000

Capture Source: PV

Entry Number: 0000006839

UDK: 601170925005690211370

Cost Center:

Teller Number:

Teller Sequence Number:

Missing Image: 5

PE Indicator: N

Application Code: 1

Trancode: 000000

DB/CR: DB

Item Type: P

Processing Date:

Exhibit 16

06-Dec-17

06Dec17-1288

THIS ITEM IS PART OF A LEGAL STATEMENT RECONSTRUCTION  
GROUP ID G06Dec17-1288

Sequence number 002880018417 Posting date 18-Sep-17 Amount 2400000.00



JPMorgan Chase Bank, N.A.

0 9 1 7 2 0 1 7  
DATE M M D D Y Y Y Y

1401

Pay To: Yonai Benzevi

\*\*2,400,000.00

Amount: TWO-MILLION FOUR-HUNDRED-THOUSAND AND 00/100  
Valid after 90 days



Memo



*Benzevi*

⑆322271627⑆

550578699⑆

1401

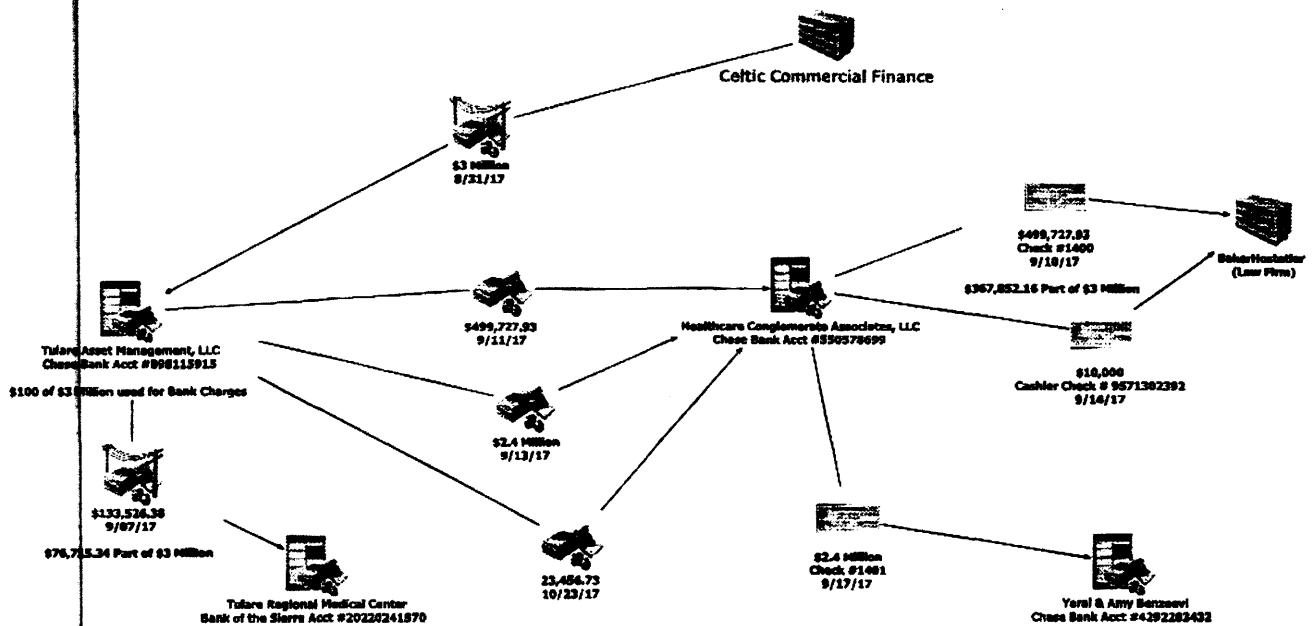
⑆240000000⑆

FOR DEPOSIT ONLY  
DO NOT WRITE ON THIS AREA  
OR SIGNATURE WILL BE VOID  
DATE 09/18/17  
AMOUNT \$2,400,000.00  
PAY TO YONAI BENZEVI  
JPMORGAN CHASE BANK, N.A.

DO NOT WRITE ON THIS AREA  
OR SIGNATURE WILL BE VOID  
DATE 09/18/17  
AMOUNT \$2,400,000.00  
PAY TO YONAI BENZEVI  
JPMORGAN CHASE BANK, N.A.

*to  
09/18/17*

# Exhibit 17: Summary Chart- Flow of \$3 Million Celtic Funds



## **EXHIBIT #9**

3

HAGOP T. BEDOYAN, CSB NO. 131285  
KURT D. VAN SCIVER, CSB NO. 263957  
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Facsimile: (661) 326-0418  
E-mail: [hbedoyan@kleinlaw.com](mailto:hbedoyan@kleinlaw.com)  
[kvansciver@kleinlaw.com](mailto:kvansciver@kleinlaw.com)

Attorneys for HealthCare Conglomerate Associates, LLC

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION**

In re:

TULARE LOCAL HEALTHCARE  
DISTRICT dba TULARE REGIONAL  
MEDICAL CENTER,

Debtor.

TULARE LOCAL HEALTHCARE  
DISTRICT dba TULARE REGIONAL  
MEDICAL CENTER,

Plaintiff,

v.

HEALTHCARE CONGLOMERATE  
ASSOCIATES, LLC a California limited  
liability company,

Defendant.

Case No.: 17-13797-9-B

Chapter 9

Adversary Pro. No.: 18-01005-B

DC No. WW-1

**DECLARATION OF YORAI (BENNY)  
BENZEEVI, M.D., IN SUPPORT OF  
HEALTHCARE CONGLOMERATE  
ASSOCIATES, LLC'S OPPOSITION TO  
MOTION FOR PARTIAL SUMMARY  
JUDGMENT ON SIXTH CLAIM FOR  
DECLARATORY RELIEF**

Date: August 15, 2018

Time: 1:30 p.m.

Place: 2500 Tulare Street  
Courtroom 13  
Fresno, CA 93721

Judge: Honorable René Lastreto II

1 I, YORAI (BENNY) BENZEEVI, M.D., declare as follows:

2 1. I am an adult over the age of 18.

3 2. I make this declaration based on my own personal knowledge. If called upon to  
4 do so, I could and would testify competently to the matters stated in this declaration.

5 3. I make this declaration in support of Healthcare Conglomerate Associates,  
6 LLC's ("HCCA") opposition to the motion for summary judgment.

7 4. I am the Managing Member of HCCA. HCCA is a California Limited Liability  
8 Company with its principal place of business in Los Angeles and was the Manager of debtor  
9 Tulare Local Healthcare District dba Tulare Regional Medical Center ("District" or "TRMC").  
10 I have overall responsibility for the management of HCCA. Prior to HCCA serving as manager  
11 of the District, I served as Director of the Emergency Department at TRMC from 2007 until  
12 January 2014. I received my medical degree at the University of California, Davis and I am  
13 board certified by the American Board of Emergency Medicine and I hold the status of Fellow  
14 of the American College of Emergency Medicine. Based on the foregoing positions, I have  
15 extensive knowledge of the District and its governance and operations, HCCA's contracts and  
16 the performance thereunder, and the relationship between the District and HCCA.

17 5. From 2007 to 2014, the District employed six different Chief Executive Officers  
18 and over six different Chief Financial Officers. The District lost over \$16 million in the three  
19 fiscal years prior to 2014 and over \$8 million in the fiscal year prior to 2014 alone.

20 6. The District needed new and effective leadership. In December 2013, after a year-  
21 long search, the District entered into a short-term management services agreement with HCCA,  
22 effective January 2014. The District then entered into a long-term Management Services  
23 Agreement (the "MSA") with HCCA to be the exclusive manager and operator of the District,

24 ///

25 ///

26 ///

27 ///

28

1 which included specifically the appointment by HCCA of a Chief Executive Officer. Under the  
2 MSA, approved by a 5-0 vote of the District's board, HCCA as manager would appoint an  
individual to serve as the denominated CEO.

3 7. The MSA established a term of 15 years plus a renewal term of an additional 10  
4 years. Under the terms of the MSA, HCCA had the authority to manage the District on a day-to-  
5 day basis. I acted as CEO since 2015. During that time, the District's board never formally or  
6 informally questioned my authority to act as CEO of the District nor did the District's board at  
7 any time since entering into the MSA with HCCA ever formally or informally question HCCA's  
8 authority to appoint a CEO. A true and correct copy of the MSA is attached as Exhibit A.

9 8. HCCA's authority included the power to loan money to the District to cover  
10 necessary expenses if the District failed to provide sufficient funds to HCCA for operations. The  
11 MSA granted HCCA a security interest in all the District's assets to secure those funds. In  
12 particular, the MSA authorized HCCA to act as attorney-in-fact for the District and gave HCCA  
13 the power to execute any financial instrument necessary to secure its loans to the District, if such  
14 loans proved necessary.

15 9. From 2014 to 2017 HCCA loaned the District \$10,233,950.05 (the "Loans") to  
16 cover expenses.

17 10. On September 28, 2017, the District recorded a deed of trust in favor of HCCA to  
18 secure the Loans. I signed the deed of trust on behalf of the District.

19 11. The District's board membership changed several times during HCCA's tenure.  
20 At no time was the MSA or any of its components formally or informally challenged by the  
21 board.

22 12. After the most recent change in membership on the District's board, the District  
23 abruptly and without notice declared bankruptcy.

24 I make this declaration under penalty of perjury under the laws of the state of California.  
25 I execute this declaration on July 24, 2018 in Los Angeles, California.

26  
27  
28 

YORAI (BENNY) BENZEEVI. MD

ORIGINAL

# **EXHIBIT #10**



**6**

HAGOP T. BEDOYAN, CSB NO. 131285  
**KLEIN, DENATALE, GOLDNER,**  
**COOPER, ROSENLIB & KIMBALL, LLP**  
 5260 N. Palm Avenue, Suite 205  
 Fresno, California 93704  
 Telephone: (559) 438-4374  
 Facsimile: (661) 326-0418  
 Email: hbedoyan@kleinlaw.com;

Brandon N. Krueger, Esq. (SBN 221432)(Admission Pending)  
*bkrueger@sallspencer.com*  
 Lara A.S. Callas, Esq. (SBN 174260)(Admission Pending)  
*lcallas@sallspencer.com*  
**SALL SPENCER CALLAS & KRUEGER**  
 A Law Corporation  
 32351 Coast Highway  
 Laguna Beach, CA 92651  
 Telephone: (949) 499-2942  
 Facsimile: (949) 499-7403

Attorneys for Healthcare Conglomerate Associates, LLC and  
 Vi Healthcare Finance, Inc.

**UNITED STATES BANKRUPTCY COURT**  
**EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION**

In re:

**SOUTHERN INYO HEALTHCARE  
 DISTRICT,**

Debtor.

Case No.: 16-10015-A-9

Chapter 9

DC No.: KDG-4

Date: November 14, 2018

Time: 1:30 p.m.

Place: United States Bankruptcy Court  
 2500 Tulare Street, Fifth Floor  
 Department A, Courtroom 11  
 Fresno, California

Judge: Honorable Fredrick E. Clement

**DECLARATION OF YORAI BENZEEVI, M.D. IN SUPPORT OF MOTION TO  
 DISQUALIFY ASHLEY M. MCDOW AND FOLEY & LARDNER AS ATTORNEYS  
FOR DEBTOR**

1  
2 I, YORAI (BENNY) BENZEEVI, M.D., declare as follows:

3 1. I am an adult over the age of 18.

4 2. I make this declaration based on my own personal knowledge. If called upon to  
5 do so, I could and would testify competently to the matters stated in this declaration.

6 3. I make this declaration in support of the Motion of Healthcare Conglomerate  
7 Associates, LLC ("HCCA") and Vi Healthcare Finance, Inc. ("Vi") to disqualify the law firm  
8 of Foley & Lardner and Ashley McDow from representation of Debtor in the above entitled  
9 Chapter 9 case.

10 4. I am the Managing Member of HCCA. HCCA is a California Limited Liability  
11 Company with its principal place of business in Los Angeles and was the Manager of debtor  
12 Southern Inyo Healthcare District ("Inyo" or "Debtor"). I have overall responsibility for the  
13 management of HCCA. I am also the President of Vi, a finance company which extended a line  
14 of credit to Debtor in July 2017. I received my medical degree at the University of California,  
15 Davis and I am board certified by the American Board of Emergency Medicine and I hold the  
16 status of Fellow of the American College of Emergency Medicine. Based on the foregoing  
17 positions, I have extensive knowledge of HCCA's contracts and the performance thereunder,  
18 the relationship between HCCA, and its affiliate entities, and the law firm of Baker Hostetler,  
19 the relationship between Inyo and HCCA, and the relationship between Inyo and Vi.

20 5. In 2009, I retained the firm of Baker Hostetler ("Baker") to advise and assist me  
21 in the formation of a professional corporation. Between 2009 and 2017, Baker's engagement  
22 expanded far beyond the initial engagement to the formation of, and legal services to several  
23 other health-care related entities, including HCCA, Medflow, PC, Vi, and Tulare Asset  
24 Management (collectively, the "Benzeevi Group"). In 2013 and 2014, Baker advised HCCA  
25 concerning the drafting and negotiation of a Management Services Agreement ("Tulare MSA")  
26 with Tulare Local Healthcare District ("TLHD") and then continued to advise HCCA  
27 concerning the management of TLHD while it also undertook to advise TLHD. In 2013, Baker  
28 assisted and advised me in forming Medflow, PC. Baker also provided legal services relating

1 to trademark and personnel issues, including drafting numerous employment and independent  
2 contractor agreements for physicians and other professionals affiliated with my businesses.  
3 Baker essentially functioned as outside general counsel for all of the businesses I was forming  
4 and operating between 2009 and 2017, and I communicated with them frequently, and at  
5 certain times, multiple times per day. Bruce Greene was my primary contact at Baker, but  
6 Ashley McDow and Fahim Farivar also worked on HCCA matters. I communicated significant  
7 amounts of confidential information to Baker concerning all aspects of the business of the  
8 Benzeevi Group, including financial information and business strategies and goals.  
9 Throughout Baker's representation, the Benzeevi Group paid Baker at least hundreds of  
10 thousands of dollars for its legal services.

11 6. In December 2015 and January 2016, Baker advised HCCA in negotiating and  
12 drafting a Management Services Agreement with Inyo (the "Inyo MSA"). A true and correct  
13 copy of the Inyo MSA is attached hereto as **Exhibit A**. Ashley McDow, a partner at Baker,  
14 was heavily involved, along with Mr. Greene, in these negotiations and drafting, with particular  
15 emphasis on advising HCCA concerning how the contemplated Chapter 9 proceedings, to be  
16 initiated by Inyo, would affect HCCA's rights under the Inyo MSA. I spoke multiple times per  
17 day during this period with both Mr. Greene and Ms. McDow concerning the Inyo MSA and  
18 shared substantial confidential information with them concerning HCCA's strategies and goals  
19 with respect to the Inyo MSA. Ms. McDow was the attorney representing HCCA who  
20 appeared on behalf of HCCA at the January 2, 2016 meeting of the Inyo Board where the Inyo  
21 MSA, the January 2, 2016 purported "Waiver of Conflict" and the retainer agreement between  
22 Baker and Inyo letter (**Exhibits B and C**, discussed in paragraph 7) were all approved. The  
23 Inyo Board was represented by separate counsel Scott Nave in negotiating the Inyo MSA.

24 7. Following execution of the Inyo MSA by Inyo and myself, on behalf of HCCA,  
25 Baker began representing Inyo in commencing this Chapter 9 proceeding. In connection with  
26 this dual representation, Baker presented to HCCA and Inyo a purported "Waiver of Conflict"  
27 letter dated January 2, 2016. A true and correct copy of this January 2, 2016 letter signed by  
28 Bruce Greene, but not Inyo or HCCA, is attached hereto as **Exhibit B**. I have been unable to

1 locate a copy of the January 2, 2016 "Waiver of Conflict" letter counter-signed by Inyo and  
2 HCCA in the files in my possession. Baker also provided to Inyo an "Engagement of  
3 Counsel" letter to Inyo also dated January 2, 2016. A true and correct copy of the January 2,  
4 2016 "Engagement of Counsel Letter" is attached hereto as Exhibit C. As part of the Board  
5 approval process for the Inyo MSA, the "Waiver of Conflict Letter" and the "Engagement of  
6 Counsel" Letter were posted at the Inyo facilities, as well as uploaded along with the Agenda  
7 for the January 2, 2016 Board meeting where the Inyo Board considered approval of the MSA,  
8 the retention of Baker by Inyo, and the purported "Waiver of Conflict." The Inyo MSA was  
9 executed by Inyo and HCCA sometime in early January 2016.

10 8. The Inyo MSA required that HCCA provide a Chief Restructuring Officer to  
11 manage the hospital. HCCA appointed HCCA representative Alan Germany to serve as Chief  
12 Restructuring Officer. Between January 2016 and September 2017, Ms. McDow  
13 communicated with Mr. Germany and myself concerning Chapter 9 issues for Inyo. I  
14 understood that after Baker began representing Inyo in the Chapter 9 proceedings, Baker would  
15 continue to advise HCCA concerning the Chapter 9 proceedings and with regard to the Inyo  
16 MSA, and in fact Baker did exactly that. Baker and Ms. McDow continued to advise HCCA  
17 with regard to its duties and responsibilities as the manager of Inyo and in relation to the  
18 Chapter 9 proceedings, Baker also continued to perform legal services on other matters it  
19 continued to handle for HCCA and the Benzeevi Group. At no time was I told that if the  
20 interests of HCCA and Inyo became in conflict, that Baker could continue to represent Inyo  
21 adverse to any member of the Benzeevi Group. To the contrary, it was my understanding that  
22 if an actual conflict developed, Baker would terminate its representation of Inyo and continue  
23 representing the Benzeevi Group, including as to the Inyo MSA.

24 9. In the summer of 2017, Baker undertook another project related to Inyo, the  
25 formation of Vi Healthcare Finance, Inc. ("Vi"). Baker drafted the formation documents for  
26 Vi and the transaction documents whereby Vi extended a line of credit to Inyo, and Baker  
27 advised me concerning this entity. I am the President of Vi. In connection with Vi, Baker  
28 provided another purported "Waiver of Conflict" Letter dated July 19, 2017. A true and correct

1 copy of this letter, signed by Bruce Greene of Baker, as well as myself on behalf of HCCA and  
2 Vi, and Inyo Board member Richard Fedchenko, for Inyo, is attached hereto as **Exhibit D**.

3 10. In the summer of 2017, a dispute erupted between HCCA and the Inyo Board  
4 concerning the financial situation of Inyo and HCCA's management of Inyo.

5 11. On September 29, 2017, I received a letter from Mr. Greene at Baker stating that  
6 Baker was commencing termination of its representation of all entities of the Benzeevi Group.  
7 A true and correct copy of Baker's September 29, 2017 letter is attached hereto as **Exhibit E**.  
8 Neither orally, nor in this September 29, 2017 letter, did Baker disclose to me that an actual  
9 conflict had developed. Baker also did not seek a waiver of an actual conflict between any  
10 entity of the Benzeevi Group and Inyo. Baker did not seek my consent to continue representing  
11 Inyo and had it requested such consent I would have declined to grant such consent. Baker's  
12 conduct was directly contrary to my expectation and understanding that Baker would continue  
13 to represent the Benzeevi Group if a conflict developed with Inyo.

14 12. Then, approximately two and a half weeks later, on October 17, 2017, Ms.  
15 McDow filed on behalf of Inyo in the Chapter 9 proceedings an Emergency Motion seeking  
16 rejection of the Inyo MSA which was highly prejudicial to the Benzeevi Group. I received no  
17 advance notice that Baker intended to file this motion, that Ms. McDow would support the  
18 motion with her own declaration, or that Ms. McDow would appear at the hearing on this  
19 Emergency Motion and make statements adverse to the interest of the Benzeevi Group. Instead,  
20 I received an e-mail the same day the motion was filed that a hearing would occur on the  
21 Emergency Motion that same day.

22 13. Prior to the problem arising with Inyo, a dispute had arisen between TLHD and  
23 HCCA. This dispute arose after a new Board was elected for TLHD in November 2016. Baker  
24 had represented HCCA with regard to the Tulare MSA both before and after execution of the  
25 Tulare MSA and also represented TLHD. However, in the summer of 2017 the TLHD claimed  
26 to have retained new counsel, the McCormick Barstow firm, to replace Baker. Mr. Greene of  
27 Baker disputed the TLHD Board's authority to hire new counsel. One example of this position  
28 is reflected in an e-mail from Mr. Greene to several members of the TLHD Board dated August

1 8, 2017 wherein he stated "any law firm that the three of you may have selected will not be  
2 considered to lawfully represent the District." A true and correct copy of Mr. Greene's August  
3 8, 2017 e-mail is attached hereto as **Exhibit F**.

4 14. When Ms. McDow left Baker and joined the firm of Foley & Lardner, she did  
5 not seek my consent to have Foley & Lardner or herself, represent Inyo in these proceedings.  
6 Had my consent been sought, I would not have granted consent for Foley or Ms. McDow to  
7 represent Inyo.

8 I declare under penalty of perjury that the foregoing statements are true and correct and  
9 that if called as a witness herein I could and would competently testify thereto, and that this  
10 declaration was executed on October 14, 2018 at Los Angeles California.

11  
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13 \_\_\_\_\_  
14 YORAI BENZEEVI, M.D.  
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# **EXHIBIT #11**

**CELTIC****PURCHASE/LEASEBACK AGREEMENT and BILL OF SALE**RE: Lease No. CML-3826A / Schedule No. 3826A01**CELTIC LEASING CORP.—Lessor/Purchaser**

4 PARK PLAZA, SUITE 300 • IRVINE, CALIFORNIA 92614 • (949) 263-3880 • FAX (949) 263-1331

Lessee/Seller: Tulare Local Health Care District

Corporate

Address : 869 North Cherry St., Tulare, CA 93274Contact : Alan W. GermanyTitle: CFO/COOPhone No.: (859) 688-5235

Equipment

Location : Various Locations

This Agreement is to acknowledge that the above named Lessee/Seller (herein referred to as "Seller") agrees to sell and Celtic Leasing Corp. (herein referred to as "Purchaser") agrees to purchase the below listed equipment (the "Equipment") which is subject to the above referenced lease and schedule (the "Lease") by and between Seller and Purchaser as Lessee and Lessor, respectively:

Equipment:

ITEM	QTY	DESCRIPTION	PRICE
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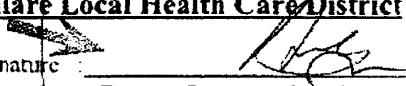
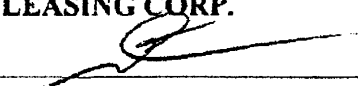
AS SET FORTH ON EXHIBIT "A" ATTACHED HERETO AND  
MADE A PART HEREOF, CONSISTING OF 02 PAGE(S).

\$ 3,000,000.00

**NOTE:** The item(s) described above represent(s) Equipment Item(s) 1.-77. to said Lease.

Purchaser shall pay to Seller the aggregate price listed above. Seller represents and warrants that it has good and merchantable title to the Equipment free and clear of all adverse liens and encumbrances and Seller covenants and agrees to defend same against any and all adverse claims and demands. Seller acknowledges that it is responsible for any and all sales/use tax relating to the Equipment.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Seller hereby sells, transfers, grants, bargains, sets over, assigns, delivers and conveys all of its right, title and interest in and to the Equipment (except for those rights and interests granted under said Lease) to Purchaser.

**LESSEE/SELLER****Tulare Local Health Care District**Signature: Name : Benny Benzeevi, MDTitle : CEODate: 8.30.17**LESSOR/PURCHASER****CELTIC LEASING CORP.**Signature: Name : Michael J. PurcellTitle : Executive Vice President Date: 08/30/17



**Exhibit "A"**  
to  
**PURCHASE/LEASEBACK AGREEMENT and BILL OF SALE**  
relating to  
**Lease No. CML-3826A/ Schedule No. 3826A01**

Equipment:

ITEM	QTY	SERIAL NO.	DESCRIPTION				
Item	Vendor	Invoice #	Address	City	County	State	Zip
1.		Hill-Rom	S010464130	446 West Prosperity Ave	Tulare	Tulare	CA 93274
2.	FujiFilm Medical Systems USA, Inc.	15188	869 Cherry Ave	Tulare	Tulare	CA	93274
3.	Beckman Coulter	102788078	869 Cherry Ave	Tulare	Tulare	CA	93274
4.	Karl-Storz Endoscopy-America, Inc.	15506	869 Cherry Ave	Tulare	Tulare	CA	93274
5.	Physio-Control, Inc.	112111458	869 Cherry Ave	Tulare	Tulare	CA	93274
6.	Covidien	17177845	869 Cherry Ave	Tulare	Tulare	CA	93274
7.	Covidien	17186689	869 Cherry Ave	Tulare	Tulare	CA	93274
8.	Creche Innovations	2912	869 Cherry Ave	Tulare	Tulare	CA	93274
9.	Karl-Storz Endoscopy-America, Inc.	15506	869 Cherry Ave	Tulare	Tulare	CA	93274
10.	Karl-Storz Endoscopy-America, Inc.	92489353	869 Cherry Ave	Tulare	Tulare	CA	93274
11.	Medline Industries, Inc.	1054419482	869 Cherry Ave	Tulare	Tulare	CA	93274
12.	Medline Industries, Inc.	1055014982	869 Cherry Ave	Tulare	Tulare	CA	93274
13.	Ohio Medical Corporation	339043	869 Cherry Ave	Tulare	Tulare	CA	93274
14.	Stryker Sales Corporation	1085515 M	869 Cherry Ave	Tulare	Tulare	CA	93274
15.	Owens & Minor	4199188	869 Cherry Ave	Tulare	Tulare	CA	93274
16.	FDSI Logistics	21860663	869 Cherry Ave	Tulare	Tulare	CA	93274
17.	Carl Zeiss Meditec, Inc.	6044411074	869 Cherry Ave	Tulare	Tulare	CA	93274
18.	Biodex Medical Systems, Inc.	227848	869 Cherry Ave	Tulare	Tulare	CA	93274
19.	GE Medical Systems	80343395	869 Cherry Ave	Tulare	Tulare	CA	93274
20.	Smiths Medical ASD, Inc.	12804833	869 Cherry Ave	Tulare	Tulare	CA	93274
21.	Scale-Tronix	181206	446 West Prosperity Ave	Tulare	Tulare	CA	93274
22.	Biodex Medical Systems, Inc.	229130	869 Cherry Ave	Tulare	Tulare	CA	93274
23.	Novum Medical Products, Inc.	27734	869 Cherry Ave	Tulare	Tulare	CA	93274
24.	CareFusion	9103664443	869 Cherry Ave	Tulare	Tulare	CA	93274
25.	CareFusion	9103777669	869 Cherry Ave	Tulare	Tulare	CA	93274
26.	Covidien	16542695	869 Cherry Ave	Tulare	Tulare	CA	93274
27.	Grainger	8672324739	869 Cherry Ave	Tulare	Tulare	CA	93274
28.	Gyrus ACMI,LP	101433860	869 Cherry Ave	Tulare	Tulare	CA	93274
29.	Medisafe America LLC	26378	869 Cherry Ave	Tulare	Tulare	CA	93274
30.	Karl-Storz Endoscopy-America, Inc.	92338451	869 Cherry Ave	Tulare	Tulare	CA	93274
31.	Karl-Storz Endoscopy-America, Inc.	92339804	869 Cherry Ave	Tulare	Tulare	CA	93274
32.	Karl-Storz Endoscopy-America, Inc.	92338450	869 Cherry Ave	Tulare	Tulare	CA	93274
33.	Karl-Storz Endoscopy-America, Inc.	92347138	869 Cherry Ave	Tulare	Tulare	CA	93274
34.	Karl-Storz Endoscopy-America, Inc.	92349192	869 Cherry Ave	Tulare	Tulare	CA	93274
35.	Olympus America Inc.	12932823 RI	869 Cherry Ave	Tulare	Tulare	CA	93274
36.	The Drapery Shoppe	1952	869 Cherry Ave	Tulare	Tulare	CA	93274
37.	Intuitive Surgical	900360958	869 Cherry Ave	Tulare	Tulare	CA	93274
38.	Case Medical	46251	869 Cherry Ave	Tulare	Tulare	CA	93274
39.	Integra	2225893	869 Cherry Ave	Tulare	Tulare	CA	93274
40.	Integra	2215678	869 Cherry Ave	Tulare	Tulare	CA	93274
41.	Wilson Medical Specialists, Inc.	232883	869 Cherry Ave	Tulare	Tulare	CA	93274
42.	Wilson Medical Specialists, Inc.	232952	869 Cherry Ave	Tulare	Tulare	CA	93274

Exhibit "A" to PURCHASE/LEASEBACK AGREEMENT AND BILL OF SALE  
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43.	Teleflex Medical	844764	869 Cherry Ave	Tulare	Tulare	CA	93274
44.	Johnson & Johnson Health Care Systems, Inc.	906457060	869 Cherry Ave	Tulare	Tulare	CA	93274
45.	Stryker Sales Corporation	4030842-E	869 Cherry Ave	Tulare	Tulare	CA	93274
46.	Herzog Surgical	80845	869 Cherry Ave	Tulare	Tulare	CA	93274
47.	Teleflex Medical	15371	869 Cherry Ave	Tulare	Tulare	CA	93274
48.	Karl-Storz Endoscopy-America, Inc.	92372540	869 Cherry Ave	Tulare	Tulare	CA	93274
49.	Intuitive Surgical	900360959	869 Cherry Ave	Tulare	Tulare	CA	93274
50.	CareFusion	9103788127	869 Cherry Ave	Tulare	Tulare	CA	93274
51.	CareFusion	9103785405	869 Cherry Ave	Tulare	Tulare	CA	93274
52.	Maquet Getinge Group	2690380749	869 Cherry Ave	Tulare	Tulare	CA	93274
53.	GE Medical Systems	80356425	869 Cherry Ave	Tulare	Tulare	CA	93274
54.	GE Medical Systems	80356432	869 Cherry Ave	Tulare	Tulare	CA	93274
55.	GE Medical Systems	80355500	869 Cherry Ave	Tulare	Tulare	CA	93274
56.	GE Medical Systems	80380566	869 Cherry Ave	Tulare	Tulare	CA	93274
57.	Olympus America Inc.	14499914 RI	446 West Prosperity Ave	Tulare	Tulare	CA	93274
58.	Hospital Associates	162057-00	446 West Prosperity Ave	Tulare	Tulare	CA	93274
59.	Hospital Associates	162057-01	869 Cherry Ave	Tulare	Tulare	CA	93274
60.	Hospital Associates	162057-02	869 Cherry Ave	Tulare	Tulare	CA	93274
61.	Hospital Associates	162057-03	446 West Prosperity Ave	Tulare	Tulare	CA	93274
62.	Newmatic Medical	W026390	869 Cherry Ave	Tulare	Tulare	CA	93274
63.	GE Medical Systems	80380254	869 Cherry Ave	Tulare	Tulare	CA	93274
64.	Melo's Gas & Gear	529065	869 Cherry Ave	Tulare	Tulare	CA	93274
65.	Stryker Sales Corporation	2403402-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
66.	Stryker Sales Corporation	2403014-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
67.	Stryker Sales Corporation	2403008-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
68.	Stryker Sales Corporation	2401748-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
69.	Stryker Sales Corporation	2401762-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
70.	Stryker Sales Corporation	2403000-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
71.	Stryker Sales Corporation	2403352-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
72.	Stryker Sales Corporation	2403381-1 DM	869 Cherry Ave	Tulare	Tulare	CA	93274
73.	Stryker Sales Corporation	1211942 M	869 Cherry Ave	Tulare	Tulare	CA	93274
74.	Vital Signs, Inc.	8480121715	869 Cherry Ave	Tulare	Tulare	CA	93274
75.	Vital Signs, Inc.	8433821715	869 Cherry Ave	Tulare	Tulare	CA	93274
76.	CDW Government	DZ77084	869 Cherry Ave	Tulare	Tulare	CA	93274
77.	Natus	1040032866	869 Cherry Ave	Tulare	Tulare	CA	93274

LESSEE/SELLER

**Tulare Local Health Care District**

Signature: 

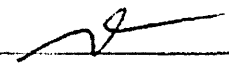
Name: Benny Benzeevi, MD

Title: CEO

Date: 8.30.2017

LESSOR/PURCHASER

**CELTIC LEASING CORP.**

Signature: 

Name: Michael J. Purcell

Title: Executive Vice President

Date: 08/30/17

